

IN THE MATTER OF THE PETITION OF
NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE (“PWAC”) AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (“PSTAC”)

BPU DOCKET NO. WR2311 _____

APPENDIX A – CONTENTS

1. Passaic Valley Water Commission –Agreement, Amendments – 07/17/2008, 09/26/2007, 07/10/1991
2. Morris County MUA Agreement – 01/06/2012
- 2A. Amended and Restated Water Supply Agreement – NJAWC-MCMUA – 06/18/2021
3. Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract – 05/05/2005
- 3A. Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract Amendment 1 – 12/08/14
- 3B. Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract Amendment 2 – 03/12/2021
4. NJWSA Raritan–First Amendment Delaware and Raritan Canal–Water Purchase Contract– 01/01/2008
- 4A. NJWSA Raritan - Water Purchase Contract RBS-1B – 09/11/2003
5. NJWSA Raritan – Water Purchase Contract RBS-9C – 11/29/2021
6. Montclair Water Bureau Agreement 6/16/2015
7. Howell Township MUA Sewer Service Agreement – 10/12/1988
8. Ocean County Sewerage Authority – 07/21/1976
9. Cape May County Municipal Utilities Authority – 08/18/1976
10. NJWSA Manasquan Water Purchase Agreement with Shorelands and NJAWC – 07/01/2015

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**PASSAIC VALLEY WATER COMMISSION
AND
NEW JERSEY-AMERICAN WATER COMPANY, INC.**

SECOND AMENDMENT TO AGREEMENT

APPENDIX A

**SECOND AMENDMENT THE WATER SALES AGREEMENT BETWEEN THE
PASSAIC VALLEY WATER COMMISSION AND THE NEW-JERSEY
AMERICAN WATER COMPANY, INC.**

SECOND AMENDMENT TO AGREEMENT, made this 17th day of July, 2008, between Passaic Valley Water Commission, a public body of the State of New Jersey, having its principal office at 1525 Main Avenue, in the City of Clifton, County of Passaic and State of New Jersey, hereinafter referred to as "Commission", and New Jersey-American Water Company, a Public Utility Corporation organized under the laws of the State of New Jersey, with its principal office at 213 Carriage Lane, Delran, New Jersey 08075, hereinafter referred to as the "Company":

WHEREAS, the Commission, organized pursuant to N.J.S.A. 40:62-108, et seq., owns and operates a public water supply and distribution system; and

WHEREAS, the Commission supplies the Company with water pursuant to a written agreement dated July 10, 1991 entitled "Water Sales Agreement Between the Passaic Valley Water Commission and New Jersey-American Water Company, Inc." (referred to herein as the "Agreement"), and an amendment to the agreement (the "Amendment") dated September 26, 2007 replaced Schedule A annexed to the Agreement with Revised Schedule A dated July 25, 2007; and

WHEREAS, it is the intention of this second amendment to the Agreement to clarify and clearly establish the previously implicit limitations of the Agreement; and


WHEREAS, this second amendment to the agreement (the "Second Amendment") hereby clearly establishes an explicit Maximum Annual Purchase Volume (the maximum total volume of water in billions of gallons per year which can be purchased by the Company from PVWC during the Service Year) as set forth in the attached Revised Schedule A which shall be appended to the revised Agreement; and

WHEREAS, all other terms and conditions of the previously amended Agreement dated September 26, 2007 shall remain in full force and effect;

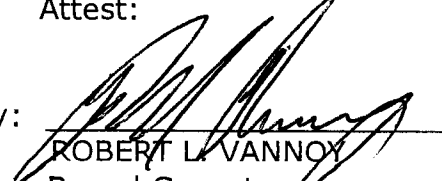
NOW THEREFORE, the parties hereto agree that the revised Schedule A dated as of the date hereof shall replace, in its entirety, the previously revised Schedule dated July 25, 2007 and become effective as of the date of full and proper execution of said document by the authorized parties; and shall be fully binding upon said parties and shall be attached to the Agreement and made a part thereof in its entirety.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers, and have affixed corporate seals, the day and year first above written.

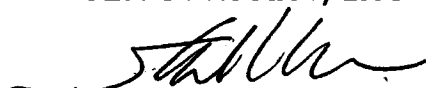
Attest:

By: 
Michael G. Sgifo
VP, Secretary & General Counsel

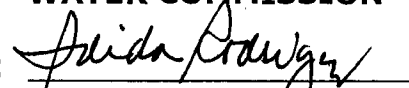
Attest:

By: 
ROBERT L. VANNOY
Board Secretary

**NEW JERSEY-AMERICAN
WATER COMPANY, INC.**

By: 
Steven J. Tambini, P.E.
VP Operations

**PASSAIC VALLEY
WATER COMMISSION**

By: 
LIDIA RODRIGUEZ
Board President

**REVISED SCHEDULE A
DATED JUNE 20, 2008**

**Total Combined to West Orange and West Caldwell (to PWSID [REDACTED])
And all Little Falls (PWSID No. [REDACTED]) Points of Delivery:**

Maximum Daily Volume	30 MGD
Maximum Monthly Volume	759.5 MGM (24.5 MGD Average)
Annual Maximum Purchase Volume	6000 MGY (16.4 MGD Average)
Annual Minimum Purchase Requirement After 1/1/2008 Until the End of the Term of the Agreement	4653 MGY (12.75 MGD Average)

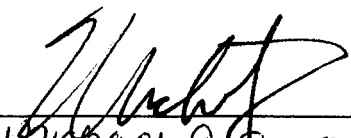
All Little Falls (PWSID No. [REDACTED]) Points of Delivery:


Maximum Daily Volume	3.5 MGD
Maximum Monthly Volume	77.5 MGM (2.5 MGD Average)

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers, and have affixed corporate seals, the day and year first above written.

Attest:

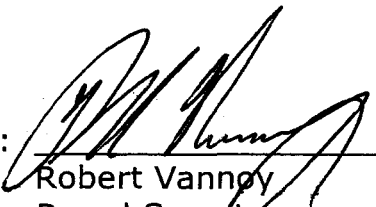
**NEW JERSEY-AMERICAN
WATER COMPANY**

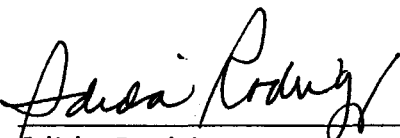
By: 
 Michael A. Sgro
 VP, Secretary & General
 Counsel

By: 
 Steven J. Tambini, P.E.
 VP Operations

Attest:

**PASSAIC VALLEY WATER
COMMISSION**

By: 
 Robert Vannoy
 Board Secretary

By: 
 Idida Rodriguez
 Board President

**PASSAIC VALLEY WATER COMMISSION
AND
NEW JERSEY-AMERICAN WATER COMPANY, INC.**

AMENDMENT TO AGREEMENT

APPENDIX A

EXHIBIT A
FORM OF 2007 AMENDMENT TO WATER SUPPLY AGREEMENT

AMENDMENT TO AGREEMENT, made this 26th day of September 2007, (hereinafter "2007 Amendment") between Passaic Valley Water Commission, a public body of the State of New Jersey, having its principal office at 1525 Main Avenue, in the City of Clifton, County of Passaic and State of New Jersey, hereinafter referred to as "Commission", and New Jersey-American Water Company, a Public Utility Corporation organized under the laws of the State of New Jersey, with its principal office at 131 Woodcrest Road, Cherry Hill, New Jersey 08034, hereinafter referred to as the "Company":

WHEREAS, the Commission is organized pursuant to N.J.S.A. 40:62-108, et seq., and owns and operates a public water supply and distribution system; and

WHEREAS, the Commission supplies the Company with water pursuant to a written agreement dated July 10, 1991 entitled "Water Sales Agreement Between the Passaic Valley Water Commission and New Jersey-American Water Company, Inc." (referred to herein as the "Agreement"); a copy of which is attached hereto and made a part hereof as Exhibit A; and

WHEREAS, Commission and Company hereby mutually agree to amend the Agreement by replacing Schedule A annexed thereto and entitled "Purchase Limitations and Minimum Requirements", with Revised Schedule A dated July 25, 2007, and a copy of Revised Schedule A dated July 25, 2007 is attached hereto and made a part hereof as Exhibit B; and

WHEREAS, all other terms and conditions of the Agreement shall remain in full force and effect, except as explicitly modified by the 2007 Amendment;

IN WITNESS WHEREOF, the parties hereto have caused this Instrument to be executed by their duly authorized officers, and have affixed corporate seals, as of the day and year first above written.

Attest:

**NEW JERSEY-AMERICAN
WATER COMPANY**

By: 

JORDAN MERSKY
ASS. SEC.

By: 

Wayne D. Morgan
VP Ser vice Delivery

Attest:

**PASSAIC VALLEY WATER
COMMISSION**

By: 

Louis Amodio
Administrative Secretary

By: 

Rigo Sanchez
Board President

**PASSAIC VALLEY WATER COMMISSION
AND
NEW JERSEY-AMERICAN WATER COMPANY, INC.
AMENDMENT TO AGREEMENT**

AGREEMENT DATED JULY 10, 1991

EXHIBIT A

WATER SALES AGREEMENT
BETWEEN
THE PASSAIC VALLEY WATER COMMISSION
AND
NEW JERSEY-AMERICAN WATER COMPANY, INC.

1991
AGREEMENT, made this 10th day of July , ~~1990~~, between
PASSAIC VALLEY WATER COMMISSION, a public body of the State of New
Jersey, having its principal office at 1525 Main Avenue, Clifton,
New Jersey 07011, hereinafter referred to as "Commission," and NEW
JERSEY-AMERICAN WATER COMPANY, a public utility corporation
organized under the laws of the State of New Jersey, with its
principal office at 500 Grove Street, Haddon Heights, New Jersey
08035, hereinafter referred to as the "Company":

WHEREAS, the Commission, organized pursuant to N.J.S.A.
40:62-108, et seq., owns and operates a public water supply and
distribution system in the Cities of Passaic, Paterson and Clifton
and other surrounding territories; and

WHEREAS, Commission sells water in bulk to other water
purveyors; and

WHEREAS, Commission and the Commonwealth Water Company,
predecessor to the Company, have executed two water sales
agreements, one dated February 2, 1978, providing for the furnishing
of a supply of water by the Commission to the Company, and the other
dated October 25, 1979, providing for the furnishing of water to the
Company's Little Falls district; and

WHEREAS, by Certificate of Merger duly filed with the Secretary
of State of New Jersey on December 23, 1987, Monmouth Consolidated
Water Company and New Jersey Water Company were merged into
Commonwealth Water Company effective as of January 1, 1988, the
latter simultaneously changing its name to that of the Company; and

WHEREAS, the Company retained all right, title and interest of
Commonwealth Water Company in and to any and all contracts,
including, without limitation, Commonwealth Water Company's rights

pursuant to the February 2, 1978, and October 25, 1979, agreements with the Commission; and

WHEREAS, the Commission and Company wish to provide for a further additional supply of water by and between Commission and Company; and

WHEREAS, Commission and Company wish to supersede the February 2, 1978 agreement with the within agreement; and

WHEREAS, Commission and Company desire that the October 25, 1979, agreement remain in full force and effect;

NOW, THEREFORE, for and in consideration of the mutual promises and respective covenants and agreements contained herein, the parties agree as follows:

SECTION 1: DEFINITIONS

a. "Agreement" means this water sales contract which supersedes the prior agreement between the Commission and Commonwealth Water Company, now the Company, dated February 2, 1978.

b. "Annual Purchase Period" means the calendar year beginning January 1 and ending December 31 for the duration of this Agreement.

c. "Annual Purchase Requirement" means the minimum total volume of water expressed in million gallons per year which will be purchased by the Company from the Commission.

d. "Daily Period" means the twenty-four (24) hour period from midnight to the following midnight in any given day.

e. "First Permanent Purchase Period" shall be the period commencing on the date when Uninterruptible Service commences as provided in Section 2 herein.

f. "Force Majeure Event" means the inability of a party to perform due to acts of God, strikes, lockouts or other industrial

disturbances, orders of the Government of the United States or the State of New Jersey or any agency or instrumentality thereof, acts of terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, explosions, failure of, 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 such inability. A party's inability to perform due solely to financial circumstances unrelated to any of the foregoing conditions shall in no case constitute a "Force Majeure Event."

g. "Maximum Daily Purchase" means the maximum volume of water purchased by the Company during any daily period.

h. "MGD" is the abbreviation for "million gallons of water per day."

i. "Points of Delivery" means the locations of the Company's metering facilities which connect to both the Commission and Company transmission systems. In particular, the Points of Delivery shall be located at the Company's [REDACTED]

[REDACTED]

j. "Tariff" means the Commission's schedule of rates and charges as approved by, and on file with, the Commission, as such may from time to time be amended and supplemented.

k. "Uninterruptible Service" is potable water service to be provided in accordance with the provisions of Section 2 herein and Schedule A hereto. The Commission agrees to provide such service to

the Company unconditionally, except to the extent that the provisions of Section 5 of the Agreement may apply under certain circumstances to excuse the Commission from providing such Uninterruptable Service in the quantity specified.

SECTION 2: WATER SERVICE TO BE PROVIDED

a. Commission agrees to supply Company and Company agrees to purchase from Commission through the Points of Delivery, commencing on July 1, 1993, Uninterruptible Service as provided in Schedule A hereto. The Maximum Daily Purchase by the Company shall not exceed the rates set forth in Schedule A attached hereto. The Commission agrees to construct those facilities required to provide the maximum flow rates specified in Schedule A for the West Caldwell interconnection. During any Annual Purchase Period, the Annual Purchase Requirement shall not be less than as set forth on Schedule A. The water to be delivered by Commission will be furnished from supplies as Commission may now or hereafter use for the general supply of its customers.

b. The Company will review its use of water under the terms and conditions of Section 2.a and Schedule A on an annual basis. Within ninety (90) days of the close of each Annual Purchase Period, the Company will advise the Commission of its desire to increase the Annual Purchase Requirement and the Maximum Daily Purchase. Within ninety (90) days of receipt of such request from the Company, the Commission will advise the Company whether such additional supply will be furnished by the Commission. If the requested increase can be supplied by the Commission, the Annual Purchase Requirement and the Maximum Daily Purchase will be increased beginning on the first day of the next Annual Purchase Period. The Commission retains the

sole authority to approve or deny any request made by the Company and the approval of any such request will not be unreasonably withheld.

c. The Company will advise the Commission, within ninety (90) days following the close of each Annual Purchase Period, of any anticipated surplus of water for the Annual Purchase Period following the current Annual Purchase Period. Such notice by the Company will request the Commission to reduce the Company's Annual Purchase Requirement by the amount of the anticipated surplus, effective for the Annual Purchase Period immediately succeeding the current Annual Purchase Period. The Commission will utilize its best efforts and will make a good faith attempt to market the surplus water to other customers of the Commission. The Commission will advise the Company of its acceptance of the surplus, or any portion thereof, and the revised Annual Purchase Requirement no later than 180 days before the close of the current Annual Purchase Period. In the absence of such notice by the Commission, the Annual Purchase Requirement will be deemed to remain unchanged. If, on the other hand, the Commission accepts the Company surplus, or any portion thereof, the next Annual Purchase Requirement will be reduced accordingly effective for the next Annual Purchase Period.

d. If the Company fails to notify the Commission of its desire to increase or decrease the Annual Purchase Requirement within ninety (90) days of the close of any Annual Purchase Period, the terms and conditions of Section 2.a and Schedule A will continue in full force without modification through the next Annual Purchase Period.

SECTION 3: WATER QUALITY

a. The water to be furnished hereunder shall be potable water which meets the statutory and/or regulatory standards promulgated by the New Jersey Department of Environmental Protection and the United States Environmental Protection Agency, or any successor governmental agency or department, being water delivered from Commission's filtration plant located in Totowa, New Jersey, or from such other sources or combination of sources as may be available to Commission.

b. Compliance with the water quality provisions of this Agreement shall be determined by sampling at the Points of Delivery. The Commission will establish a sampling station at each Point of Delivery and reports of analysis of samples from those stations shall be provided to Company monthly. The Commission shall not be responsible for the quality of the water delivered once the water passes into the Company's system beyond the Points of Delivery. Title to the water shall be deemed to pass at the Points of Delivery. Consequently, the Company hereby agrees to indemnify and save harmless the Commission against any and all claims, liability, loss, damages, costs or expense (including, without limitation, reasonable attorney's fees) suffered or incurred by the Commission (i) related to the quality of water in the Company's system beyond the Points of Delivery or (ii) arising out of any contamination or alleged contamination of the Company's water supply. The Commission, however, accepts responsibility for the quality of water delivered to the Points of Delivery. The Commission hereby agrees to indemnify and save harmless the Company against any and all claims, liability, loss, damages, costs or expense (including, without limitation, reasonable attorney's fees)

suffered or incurred by the Company, (i) related to the quality of water in the Commission's system on the Commission side of the Points of Delivery or (ii) arising out of any contamination or alleged contamination of the Commission's water supply.

SECTION 4: TERMS OF PAYMENT

a. Company hereby agrees to pay the charge for water delivered by Commission which shall be at the same bulk or wholesale rate which other bulk or wholesale customers of Commission pay. Company shall also pay all power charges incurred to pump water above the Commission normal gradient, which gradient is the normal discharge gradient of the main system of the Little Falls Plant. All bills shall be rendered monthly in arrears by Commission and shall be payable by Company within thirty (30) days of the date the bill is rendered.

b. In the event that the bulk or wholesale rate charged by Commission to other purveyors is raised or lowered during the term of this Agreement or any renewal period thereof, Commission agrees to sell and Company agrees to buy and pay for water delivered at such new rate from the date any such change in rate shall become effective.

c. Company agrees to purchase from Commission the Annual Purchase Requirement. The Company agrees to make the required payment for its Annual Purchase Requirement for each Annual Purchase Period, whether or not the Company in fact takes the full amount of the Annual Purchase Requirement in such Annual Purchase Period, provided that to the extent the Commission fails to make available to Company the amount of water specified as the Annual Purchase Requirement for any Annual Purchase Period, the quantity of water

specified in Section 2 and on Schedule A as the Annual Purchase Requirement shall be accordingly reduced (during that Annual Purchase Period only) to the amount of water which was in fact made available by the Commission to the Company during such Annual Purchase Period. If, at the end of any Annual Purchase Period Company shall not have taken at least the Annual Purchase Requirement, then Company shall pay to Commission, within sixty (60) days after the end of such Annual Purchase Period, the difference between the actual charges paid and the total charge due for the Annual Purchase Requirement, as adjusted to reflect any change in the Water Rate during that period (the "Deficiency"). To the extent Company pays a Deficiency charge to the Commission, in the next succeeding Annual Purchase Period, Company shall be permitted to take from Commission, without charge, a quantity of water equal to the amount of water represented by the Deficiency from the previous Annual Purchase Period.

d. The provisions of this Section notwithstanding, the Company will not be liable to pay the Commission for the Annual Purchase Requirement provided that the Commission failed to make available to the Company this amount of water as a result of (i) prior commitments and obligations of the Commission to serve the Cities of Paterson, Passaic and Clifton, (ii) actions taken by the State of New Jersey limiting the availability of water to the Company or (iii) the Commission's failure to make available water which complies with the provisions of Section 3 for a period of time equal to or greater than one (1) month in duration.

SECTION 5: INTERRUPTIONS IN SERVICE, FORCE MAJEURE EVENT

a. In the event that it becomes necessary for the Commission to temporarily discontinue service or to reduce water pressure in Commission mains because of a Force Majeure Event, it is specifically agreed that Company or its customers shall not have any claim or demand against Commission because of such temporary discontinuances of supply or reduction of pressure.

b. If by reason of any Force Majeure Event either the Company or the Commission shall be rendered unable wholly, or in part, to satisfy their respective obligations under this Agreement, and further if the party alleging the Force Majeure Event shall give notice and full particulars of such Force Majeure Event in writing to the other party hereto within a reasonable time after occurrence of the event or cause relied upon, then the obligation of the party giving such notice, to the extent affected by such Force Majeure Event, shall be suspended or modified during the continuance of the inability to perform, or fully perform, then claimed. Either party so affected shall use its best efforts to remove or overcome such Force Majeure Event with all reasonable dispatch.

SECTION 6: PRESSURE LIMITATIONS, CONSTRUCTION OF PUMP STATIONS AND PIPELINES

a. Commission shall not be obligated to deliver water at its West Orange Point of Delivery at a pressure in excess of the water pressure carried in Commission's supply mains in the general vicinity of the West Orange Point of Delivery.

b. Commission agrees to provide water at sufficient pressure at the West Caldwell Point of Delivery to satisfy the rates of flow in accordance with Schedule A attached hereto. Commission accepts full responsibility for the construction of a pump station and

pipelines required to transmit water from the Commission's treatment facilities to the West Caldwell Point of Delivery. Company further agrees to provide telemetry equipment at its Florham Park Tank to operate the Commission's pumping equipment for the West Caldwell Point of Delivery.

c. Company shall connect its 36-inch transmission main to the Commission's proposed transmission main located in Kirkpatrick Lane, south of, and in the vicinity of, Bloomfield Avenue in West Caldwell, New Jersey. Company shall bear all costs of construction for said connection including, but not limited to, a motorized control valve to be operated in conjunction with existing or future Commission pumping facilities. Company shall install at its cost a metering station with appurtenances and such station shall remain the property of the Company.

d. Any water supply facilities constructed by Commission or its agents at the sole expense of the Commission shall at all times be and remain the property of the Commission. All facilities constructed by Company or its agents shall at all times be and remain the property of Company.

SECTION 7: METER TESTING

Company shall, if requested by Commission, provide Commission with copies of certified reports of test(s) on the accuracy of meter(s) at the beginning of the contract term, and once each year thereafter until termination of this Agreement, or any renewal terms hereof.

SECTION 8: DURATION OF AGREEMENT AND RENEWAL; BINDING EFFECT; ASSIGNMENT; SEVERABILITY

a. This Agreement shall be binding and shall inure to the benefit of the parties hereto and their respective legal successors

and assigns. This Agreement may not be assigned by either Party without approval of the other Party, which approval shall not be unreasonably withheld. The term of this Agreement initially shall be for a period of twenty five (25) years from the date hereof and the Agreement shall be subject to the approval of governmental agencies as required by law. The parties agree to cooperate in securing any and all such approvals.

1/21/91 2002
2/21/91 2003
2/21/91 2004
2/21/91 2005
2/21/91 2006
2/21/91 2007

b. This Agreement shall be renewed automatically for one (1) additional term of twenty five (25) years, unless the Company serves a written notice of termination upon the Commission not less than one year before the expiration date of the initial term of this Agreement. Any renewal shall be subject to any and all required governmental agency approvals.

c. This Agreement constitutes the entire understanding of the parties hereto and the parties shall not be bound by any other agreements, understandings or conditions respecting the subject matter hereof other than those expressly set forth herein. This Agreement may be amended or modified only in writing duly executed by the parties hereto.

d. In the event that any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, such a legality or invalidity shall not effect any other provisions of this Agreement and this Agreement shall be continued in full force and effect as if such illegal or invalid provision had not been contained herein.

SECTION 9: EFFECTIVE DATE, TERMINATION OF FEBRUARY 2, 1978
AGREEMENT

a. If the date of commencement of Uninterruptible Service is subsequent to July 1, 1993, the Annual Purchase Requirement shall be

reduced for the First Permanent Purchase Period by one one hundred eighty fourth of the Annual Purchase Requirement for each day the date of commencement of Uninterruptible Service is delayed beyond July 1, 1993.

b. The February 2, 1978 Agreement between the Parties will remain in force through the date when Uninterruptible Service commences. On the date Uninterruptible Service commences, the February 2, 1978 Agreement, or any automatic renewal term thereof, will terminate and become null and void. The terms and conditions of this Agreement will supersede the provisions of the February 2, 1978 Agreement.

SECTION 10: NOTICES

Any notice given by either party to the other party shall be in writing, and shall be served personally or by depositing such notice in the United States Mail, certified, with certification and postage charges prepaid and properly addressed and directed to the party to receive the same as follows:

As to Commission: Passaic Valley Water Commission
1525 Main Avenue
Clifton, NJ 07011
Attn: Charlotte R. Alvino, Adm. Sec'y.

As to Company: New Jersey-American Water Company
500 Grove Street
Haddon Heights, NJ 08035
Attn: Treasurer

With Copy To: New Jersey-American Water Company
Northern Division
233 Canoe Brook Road
Short Hills, NJ 07078
Attn: Manager

Either party may designate a change of address or a different person or entity to which notices shall be given by delivery of written notice to that effect to the other party.

Section 11: PARTIAL ASSIGNMENT OF ANNUAL PURCHASE REQUIREMENT

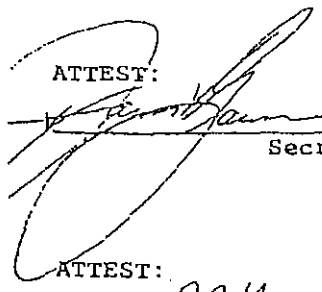
a. Anything in this Agreement to the contrary notwithstanding, the Company shall have the right to assign (without further consent of the Commission) a portion of the water supply to be provided by the Commission under this Agreement to The Southeast Morris County Municipal Utilities Authority, a body corporate and politic of the State of New Jersey ("SMCMUA") subject to the following terms and conditions:

(1) Any such assignment ("Assignment") shall be pursuant to a written agreement between the Company and SMCMUA ("SMCMUA Agreement"), a copy of which shall be supplied to the Commission;

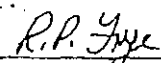
(2) SMCMUA shall have agreed in writing (which agreement may be incorporated in the SMCMUA Agreement) to (i) be bound by the provisions of this Agreement with respect and limited to any water supplied to SMCMUA by the Commission pursuant to this Agreement and the Assignment including, without limiting the generality of the foregoing, the payment provisions of Section 4; and (ii) make direct payment to the Commission for all water supplied to SMCMUA and, subject to the provisions of this Agreement, its proportionate share of the Annual Purchase Requirement as agreed upon by the Company and SMCMUA.

b. Upon (i) receipt of notice of an Assignment to SMCMUA and (ii) compliance by SMCMUA with the conditions set forth in subparagraph "a" above, the Commission hereby agrees to bill SMCMUA directly for any water supplied by the Commission to SMCMUA and/or, to the extent appropriate, SMCMUA's proportionate share of the Annual Purchase Requirement as agreed upon by the Company and SMCMUA.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers, and have affixed their corporate seals, the day and year first above written.


ATTEST:


Secretary

ATTEST:


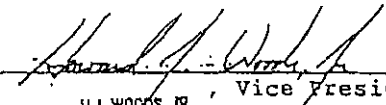
R.P. Fyfe, Secretary

PASSAIC VALLEY WATER COMMISSION

BY: 

President

NEW JERSEY-AMERICAN WATER COMPANY

BY: 

H.J. WOODS, JR. Vice President
VICE PRESIDENT

1367I

SCHEDULE A

PURCHASE LIMITATIONS AND MINIMUM REQUIREMENTS

MAXIMUM DAILY
DELIVERY RATES (MGD)

<u>Date</u>	<u>West Caldwell</u>	<u>West Orange</u>	<u>Annual Purchase Requirement (MG)</u>
July 1, 1993	5.4	10	1,133
January 1, 1994	5.4	10	2,248
January 1, 1995	10.5	10	2,993
January 1, 2000	20.1	10	3,650
January 1, 2005	25.0	10	3,650

1367I.16

**PASSAIC VALLEY WATER COMMISSION
AND
NEW JERSEY-AMERICAN WATER COMPANY, INC.
AMENDMENT TO AGREEMENT**

REVISED SCHEDULE A DATED JULY 25, 2007

EXHIBIT B

**REVISED SCHEDULE A
DATED JULY 25, 2007**

**Total Combined to West Orange and West Caldwell (to PWSID No. [REDACTED])
And all Little Falls (PWSID No. [REDACTED]) Points of Delivery:**

Maximum Daily Volume	30 MGD
Maximum Monthly Volume	759.5 MGM (24.5 MGD Average)
Annual Minimum Purchase Requirement Before 1/1/2008	3650 MGY (10 MGD Average)
Annual Minimum Purchase Requirement After 1/1/2008 Until the End of the Term of the Agreement	4653 MGY (12.75 MGD Average)

All Little Falls (PWSID No. [REDACTED]) Points of Delivery:

Maximum Daily Volume	3.5 MGD
Maximum Monthly Volume	77.5 MGM (2.5 MGD Average)

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers, and have affixed corporate seals, the day and year first above written.

Attest:

**NEW JERSEY-AMERICAN
WATER COMPANY**

By: _____

Jordan M. Esby
JORDAN M. ESBY
ASST. SEC.

By: _____

Wayne D. Morgan
Wayne D. Morgan
VP Service Delivery

Attest:

**PASSAIC VALLEY WATER
COMMISSION**

By: _____

Louis Amodio
Louis Amodio
Administrative Secretary

By: _____

Rigo Sanchez
Rigo Sanchez
Board President

WATER SUPPLY AGREEMENT

THIS AGREEMENT, made this 6th ^{January 2012,} of ~~December, 2011,~~ BY AND BETWEEN THE MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY, a public body corporate and politic of the State of New Jersey with offices at 300 Mendham Road, Morris Township, New Jersey 06960 (hereinafter "MCMUA" or "Authority") AND NEW JERSEY-AMERICAN WATER COMPANY, a corporation of the State of New Jersey (hereinafter "New Jersey-American"). New Jersey-American and MCMUA are each a "Party" and collectively, "Parties."

WITNESSETH:

WHEREAS, MCMUA is a municipal utilities authority established pursuant to N.J.S.A. 40:14B-1 *et. seq.* and which owns and operates a potable water supply system for the wholesale development and distribution of water; and

WHEREAS, New Jersey-American has a franchise to provide public water supply in the County of Morris; and

WHEREAS, New Jersey-American is in need of an additional supply of potable water and the Authority is willing to provide the same in accordance with the terms of this agreement.

NOW, THEREFORE in consideration of these premises, of the mutual covenants and agreements herein set forth, and of the undertakings of each Party to the other, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I
DEFINITIONS

"Act" means the Municipal and County Utilities Authorities Law (N.J.S.A. 40:148-1 *et seq.*).

"Agreement" means this agreement for the sale and purchase of potable water as the same shall be amended and supplemented from time to time by mutual written agreement of the Parties and including any schedules and exhibits attached hereto.

“Articles” and “Sections” mentioned by number only are the respective Articles and Sections of the Agreement so numbered.

“Base Rate” means the rate established by the MCMUA applicable to customers to whom MCMUA provides water produced from its own sources. The Base Rate in effect on the date of this Agreement is ^{* 2053.00} ~~\$2018.00~~ per million gallons.

“Force Majeure” means the inability of a Party to perform due to: acts of God; orders of the Government of the United States or the State of New Jersey; or any agency or instrumentality thereof; acts of terrorism; insurrections; riots; epidemics; landslides, lighting; earthquakes; fires; hurricanes; storms; floods; washouts; explosions; breakage or accidents to machinery, pipelines, dams or canals or partial or entire failure or contamination of water supply, not due to the negligence of the Party claiming such occurrence as the reason for the inability to perform; arrests; civil disturbances; acts of any public enemy; and any other causes not reasonably within the control of the Party claiming such inability to perform.

“Initial Term” means the ten year period commencing on the date this Agreement is executed.

“Points of Delivery” means those locations of MCMUA at which water is delivered to New Jersey-American's Mendham water system; and at which title to water provided hereunder shall pass from MCMUA to New Jersey-American.

“System” means the mains, lines, pump stations, meters, works, wells, connections, reservoirs, structures, equipment, and other real and tangible personal property, and all renewals, and replacements of any of the foregoing, acquired, constructed, or operated or to be operated, acquired, or constructed by MCMUA for the purposes of the Authority under the Act

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

the masculine gender include every other gender.

ARTICLE II **PROVISION OF WATER SERVICE**

1. New Jersey-American agrees to purchase potable water during the term of the Agreement at rates determined in accordance with Article III of this Agreement.

2. New Jersey-American shall take or pay for two hundred and twenty (220) million gallons of water each year during the term of this contract regardless of actual use. The daily, monthly and annual maximum volumes of water that MCMUA will provide to New Jersey American during the term of this Agreement are set out on Schedule 1 attached hereto and incorporated herein by reference. In the event that New Jersey-American desires to propose a revision to Schedule 1 for use by the Parties beyond the initial ten (10) year period of this Agreement, then six (6) months prior to the tenth year anniversary date of this Agreement New Jersey-American shall have the right to propose such a revision to MCMUA for approval.

3. The Initial Term will automatically extend for an additional five (5) years if neither Party gives written notice of termination to the other within two (2) years of the end of the Initial Term. Upon any termination of the Agreement service shall be discontinued and New Jersey-American shall remain responsible for the provision of water service to those users located along the MCMUA transmission mains who are New Jersey-American customers.

4. In the event that New Jersey-American shall require water service in excess of the volumes specified in Schedule 1, it shall give six (6) months written notice thereof and MCMUA shall have the right in its absolute discretion and subject to availability, to provide such increased flows. Provided that MCMUA exercises its absolute discretion to provide water service in excess of the volumes specified in Schedule 1, the Parties shall execute an amendment to this Agreement that is mutually acceptable to the Parties, then MCMUA shall make provision for increased flows as aforesaid.

5. The MCMUA will permit New Jersey-American to make service connections to the

MCMUA 12" transmission mains after the Point of Delivery subject to the approval of the MCMUA. New Jersey-American shall install such service connections in accordance with a design and detail approved by the MCMUA's Chief Engineer. New Jersey-American shall be responsible to install, maintain and make readings for new meters associated with the service connections.

6. If during the Initial Term of this Agreement, or any additional term, it shall become necessary for the Authority to impose water use restrictions, such restrictions will be uniformly applied, and New Jersey American shall be restricted in the same proportion as the balance of the Authority customers.

7. All water provided by the MCMUA under this Agreement shall be potable at the Points of Delivery and all such water shall comply with all applicable NJDEP and USEPA laws and regulations regarding treatment and delivery of water and shall comply with all applicable notice requirements established by the NJDEP and USEPA and any successor government agencies or departments. MCMUA shall not be responsible for contamination or degradation in the quality of the water past the Points of -Delivery unless it can be shown that the contamination or degradation was caused by negligent acts of MCMUA. MCMUA shall perform water quality tests as required by applicable NJDEP and USEPA laws and regulations. Presently, the MCMUA conducts chlorine residual and bacteriological tests. All water quality tests shall be performed only by State of New Jersey certified laboratories. MCMUA will provide New Jersey-American with reports of water quality test results for water samples taken at the Points of Delivery and, upon written request of New Jersey-American, New Jersey-American shall be entitled to take split samples with MCMUA at the Points of Delivery.

ARTICLE III **MCMUA CHARGES AND PAYMENT THEREOF**

1. New Jersey-American shall pay MCMUA one hundred and eleven percent (111%) of the then applicable Base Rate. MCMUA agrees that the Base Rate shall continue to exist as a classification in accordance with the terms of Resolution 10-71, attached hereto as Schedule 2.

MCMUA shall not assign New Jersey-American to or include New Jersey-American in any rate class that it may create or establish after the date of this Agreement.

2. MCMUA may change the Base Rate from time to time in accordance with the provisions of the Act. The same Base Rate charged to wholesale customers receiving water produced by MCMUA shall be used to calculate rate charged to New Jersey American under Article III (1) above, and the total rate charged by MCMUA to New Jersey American for water provided under this Agreement shall never exceed 111 percent (111%) of the Base Rate.

3. On or before October 15th of each year, the Executive Director shall certify to New Jersey-American the rates to take effect on January 1 of the following year. In the event of an increase or decrease in the Base Rate expected to be effective January 1 of the following year, the Executive Director shall provide in the certification for a description, in reasonable detail, of the factors and calculations underlying the increase or decrease. New Jersey-American shall have the right to intervene in any rate proceedings in the same fashion as other wholesale customers of the MCMUA.

4. MCMUA shall bill New Jersey-American for water usage on a monthly basis which bills shall be due and payable within forty-five days of issuance by MCMUA. The monthly bills shall be based upon actual use and MCMUA will calculate the total charge to be paid by New Jersey American in accordance with Article III (1) of this Agreement. The December billing shall include any true up calculation that may be required in the event that New Jersey American fails to take its annual take or pay volume and any such true up calculation shall also be charged in accordance with Article III (1) of this Agreement. .

5. Bills not paid within forty-five (45) days of receipt shall be subject to the imposition of interest at the same rate as provided under the Act for the payment of interest on unpaid service charges, or as the same may be amended from-time to time. In addition to the right to impose interest charges or delinquent payments, MCMUA reserves all of the rights and powers with respect thereto as are set forth in the Act.

6. If New Jersey-American disputes a bill in good faith, New Jersey-American must on or

before the due date thereof (a) pay the undisputed portion of the bill; and (b) notify MCMUA in writing as to the basis of the dispute. If the dispute is regarding meter accuracy, a meter test will be performed by any qualified firm acceptable to both Parties. If the meter test proves that the meter is within applicable and customary accuracy limits no adjustment shall be made to the bill and New Jersey-American shall bear the cost of the meter test. If the meter test proves that the meter is not operating within applicable and customary accuracy limits a billing adjustment shall be made in the next bill and MCMUA will pay for the cost of the meter test and the meter will be replaced or recalibrated. Should it be determined that the meter inaccuracy resulted in a lower bill than would have been justified by a correct meter reading then a billing adjustment shall be made in the next bill. Any billing dispute and consequent adjustment for the benefit of either Party shall be limited to the month for which, and during which, the dispute is raised and one prior month. The Parties agree that the Authority meter shall be conclusively presumed to be operating accurately if running within plus or minus 2% of true accuracy.

7. MCMUA will provide, install, and use, as part of the System, a meter or meters (which meters shall be calibrated at least annually) or other devices, methods, or procedures for determining the volume of water (either directly, by differentials, or otherwise) delivered to New Jersey-American. The MCMUA shall, at its cost, test the meter for accuracy at least every ~~insert~~ ^{year, and} ~~time period~~ shall provide New Jersey American with reasonable advance written notice of each such test. New Jersey American shall have the right to have a representative present during each such test. New Jersey-American shall have the right at any time, and from time to time, to inspect and test the meter at its expense in order to be satisfied as to its proper functioning. New Jersey-American shall provide reasonable notice of its intent to inspect and test the meter and MCMUA shall provide the access to the meter pit under its supervision. MCMUA shall have the right to have a representative present at any time that the meter is inspected and tested by New Jersey-American. MCMUA agrees that in the event of a malfunction, it shall promptly repair or replace the meter. In the event of such a malfunction of any meter or other device, MCMUA shall use an estimate as to the quantity of flow based on historic data and records pertaining to volumes previously delivered to New Jersey-American. A copy of any such estimate and shall be conclusively deemed to have been made in accordance with this Agreement and to be correct within thirty days after issuance by MCMUA unless contested within that thirty day period and

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except as may be provided thereafter by final judgment of a court of competent jurisdiction.

8. MCMUA shall periodically sample the quality of water delivered to New Jersey--American pursuant to this Agreement and shall make such tests, measurements, and analyses thereof as shall assure its quality and the compliance by MCMUA with applicable state and federal regulations and drinking water standards. In fulfilling its obligations to provide water service hereunder, MCMUA shall have the right to utilize such sources of potable water as it shall subsequently develop provided that the same shall meet applicable state and federal regulations and drinking water standards.

9. MCMUA will make and keep permanent records of the volumes of water delivered and, when ascertained, of the quality thereof. MCMUA will keep proper books of records and accounts in which complete and correct entries shall be made of its transactions related to the System, or any part thereof, and which shall be available for inspection by duly authorized representatives of New Jersey-American during regular business hours at the MCMUA offices. MCMUA will cause its books to be audited annually and will provide a copy thereof to New Jersey-American.

ARTICLE IV **MISCELLANEOUS**

1. MCMUA will at all times maintain all such insurance as is customarily maintained with respect to water systems of like character against loss, damage, or other liability.

2. If by reason of Force Majeure:

a) MCMUA or New Jersey-American shall be rendered unable, wholly or in part, to satisfy their obligations under this Agreement, then such obligations, to the extent affected by such Force Majeure, shall be suspended or reduced during the continuance of the inability to perform hereunder, but for no longer period.

b) If either Party suffers a Force Majeure which limits or prevents the transfer of

water hereunder, the Parties agree as follows:

- i. New Jersey-American shall not be obligated to pay any amount for that portion of the minimum gallonage commitment shown on Schedule 1 (determined by prorating the annual take or pay volume for the Force Majeure period) that was unavailable during the Force Majeure: and
- ii. New Jersey-American shall be permitted, upon mutual agreement, subsequent to the Force Majeure period, to utilize and pay for that portion of the annual take or pay volume that was unavailable during the Force Majeure period.

Telephone notice of a Force Majeure experienced by either Party will be given to the other Party at the earliest possible time, and will be described subsequently in writing to such other Party within two (2) working days after the occurrence of the Force Majeure event. The Party experiencing a Force Majeure shall use its best efforts to remove or overcome such Force Majeure as soon as possible.

c) MCMUA agrees to indemnify, protect and hold harmless New Jersey-American from any and all liability, loss, damages, costs or expense (including, without limitation, reasonable attorney's fees) arising out of claims alleging that MCMUA failed to meet its obligations under this Agreement.

d) New Jersey-American agrees to indemnify, protect and hold harmless MCMUA from any and all liability, loss, damages, costs or expense (including, without limitation, reasonable attorney's fees) arising out of claims alleging that New Jersey-American failed to meet its obligations under this Agreement.

3. Any bonds or other obligations of MCMUA referred to in this Agreement or to be issued shall be the sole obligation of MCMUA and shall not in any way be deemed a debt or liability of New Jersey-American.

4. MCMUA may at any time assign or pledge for the benefit and security of the holders of bonds, notes, or other evidence of indebtedness, heretofore or hereafter issued by it, any of its rights under the provisions of this Agreement including but not limited to its right to receive payments from New Jersey-American and thereafter this Agreement shall not be terminated, modified, amended, or changed except in the manner (if any) and subject to the conditions (if any) permitted by the terms and provisions of such assignment or pledge, provided, however, that the terms and provisions of such assignment may not modify the terms and provisions of this Agreement.

5. If any one or more of the covenants or agreements provided in this Agreement on the part of MCMUA or New Jersey-American to be performed should be contrary to law, then such covenant or agreement shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of the Agreement. This Agreement together with any schedules and exhibits, constitutes the entire understanding between the Parties with respect to the subject matter hereof, and the Parties will not be bound by any agreements, understandings or conditions, whether oral or written, with respect to the subject matter hereof other than those expressly set out in this Agreement. Any changes, modifications or amendments to this Agreement shall be effective through a writing executed by both Parties.

6. This Agreement shall come into effect upon its execution and delivery by the Parties, and shall thereafter be and remain in full force and effect except that after payment in full of all obligations of MCMUA including any bonds, notes, or other obligations issued to finance the construction, replacement, enlargement, operations, or maintenance of the System, New Jersey-American shall have the right to terminate this Agreement upon one year's written notice.

7. This Agreement may be executed in any number of counterparts all of which shall be regarded as an original for all purposes and shall constitute and be but one and the same.

8. This Agreement shall be governed by the laws of the State of New Jersey.

9. Notices. All notices and demands of any kind ("Notice") which any Party may be required or may desire to serve upon the other Party in connection with this Agreement must be

in writing, except as otherwise provided herein, and must be served either by personal service, acknowledged by signature of addressee or authorized agent at the office address; by express mail; a private carrier; facsimile or email, provided the addressor sends a written confirmation of such notice no later than three (3) days after such email or facsimile is sent; or by certified mail, return receipt requested, postage prepaid. Service of any such notice by express mail, federal express, or certified mail will be deemed complete the second business day after mailing. Service of any such Notice by personal delivery or by facsimile will be deemed complete upon the date of acknowledgment by the addressee or the date of facsimile confirmation, whichever applies. Such Notices will be addressed as follows:

If to Company: New Jersey-American Water Company, Inc.
 1025 Laurel Oak Road
 Voorhees, NJ 08043
 Attn: Corporate Secretary

With Copies to: Shari Shapiro, Esq.
 Cozen O'Connor
 Suite 300, Liberty View
 457 Haddonfield Road
 Cherry Hill NJ 08002-2220

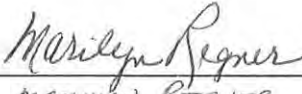
If to Purchaser: THE MORRIS COUNTY MUNICIPAL UTILITIES
 AUTHORITY,
 300 Mendham Road
 Morris Township, New Jersey 06960

With a Copy to: _____

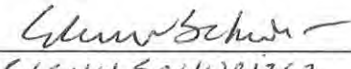
IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

Attest:

MORRIS COUNTY MUNICIPAL
UTILITIES AUTHORITY




MARILYN REGNER
SECRETARY

By:  1/4/12

GLENN SCHWEIZER
EXECUTIVE DIRECTOR

Attest:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.


By: Steven Tambini
Vice President - Operations
1/3/12

SCHEDULE 1

Maximum Daily Volume	1 Million Gallons
Maximum Monthly Volume	30.5 Million Gallons
Maximum Annual Volume	237 Million Gallons

Schedule 2: Resolution 10-71

**AMENDED AND RESTATED WATER SUPPLY AGREEMENT
BY AND BETWEEN
THE MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY
AND NEW JERSEY-AMERICAN WATER COMPANY, INC.
EFFECTIVE JANUARY 6, 2022**

THIS AMENDED AND RESTATED AGREEMENT ("Agreement"), made on this 18 day of June, 2021 BY AND BETWEEN THE MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY, a public body corporate and politic of the State of New Jersey with offices at 214A Center Grove Road, Randolph, New Jersey 07869 (hereinafter "MCMUA" or "Authority") AND NEW JERSEY-AMERICAN WATER COMPANY, INC., a corporation of the State of New Jersey (hereinafter "New Jersey-American") shall become effective on January 6, 2022. New Jersey-American and MCMUA are each a "Party" and collectively, "Parties."

WITNESSETH:

WHEREAS, the MCMUA is a municipal utilities authority established pursuant to N.J.S.A. 40:14B-1 et seq. and which owns and operates a potable water supply system for the wholesale development and distribution of water; and

WHEREAS, New Jersey-American has a franchise to provide public water supply in the County of Morris; and

WHEREAS, the Parties previously entered into the Water Supply Agreement, dated January 6, 2012, pursuant to a Release and Settlement Agreement, dated December 29, 2011 thereby dismissing, with prejudice, New Jersey American Water Company, Inc. v. Morris County Municipal Utilities Authority, Docket No. MRS-L-436-11 ("Original Water Supply Agreement"); and

WHEREAS, the Original Water Supply Agreement has a term of ten (10) years which would automatically extend for an additional five (5) years if neither Party provided notice of termination within two (2) years of the end of the first ten (10) year term; and

WHEREAS, the Authority provided such notice of termination to New Jersey-American pursuant to Notice dated May 11, 2018, to terminate the Original Water Supply Agreement on January 6, 2022, conditioned upon an amendment to the water supply agreement by and between the MCMUA and Southeast Morris County Municipal Utilities Authority (“SMCMUA”) dated September 10, 2002 (as amended on June 1, 2012) that would authorize the expiration on January 6, 2022 of all obligations set forth in Article III of the water supply agreement by and between the MCMUA and SMCMUA (the “SMCMUA Water Supply Agreement”); and

WHEREAS, on August 11, 2020, the MCMUA adopted Resolution No. 20-51 entitled “Resolution Memorializing Satisfaction of the Condition Terminating the New Jersey American Water Supply Agreement on January 6, 2022, and Terminating Article III of the Southeast Morris County Municipal Utilities Authority Water Supply Agreement on the Same Date”; and

WHEREAS, copy of Resolution No. 20-51 was provided to New Jersey-American; and

WHEREAS, in lieu of the Original Water Supply Agreement expiring on January 6, 2022, the Parties desire that the Original Water Supply Agreement be amended and restated with this Agreement, effective on January 6, 2022, which amends all of the terms and conditions of the Original Water Supply Agreement; and

WHEREAS, as compared to the Original Water Supply Agreement, this Agreement provides New Jersey-American with a reduced supply of potable water at different Point of Delivery, effective January 6, 2022; and

NOW, THEREFORE in consideration of these premises, of the mutual covenants and agreements herein set forth, and of the undertakings of each Party to the other, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I
DEFINITIONS

"Act" means the Municipal and County Utilities Authorities Law (N.J.S.A. 40:148-1 et seq.).

"Agreement" means this amended and restated agreement for the sale and purchase of potable water as the same shall be amended and supplemented from time to time by mutual written agreement of the Parties and including any schedules and exhibits attached hereto.

"Articles" and "Sections" mentioned by number only are the respective Articles and Sections of the Agreement so numbered.

"Base Rate" means the rate established by the MCMUA applicable to customers to whom MCMUA provides water produced from its own sources.

"Force Majeure" means the inability of a Party to perform due to: acts of God; orders of the Government of the United States or the State of New Jersey; or any agency or instrumentality thereof; acts of terrorism; insurrections; riots; epidemics; landslides, lightning; earthquakes; fires; hurricanes; storms; floods; washouts; explosions; breakage or accidents to machinery, pipelines, dams or canals or partial or entire failure or contamination of water supply, not due to the negligence of the Party claiming such occurrence as the reason for the inability to perform; arrests; civil disturbances; acts of any public enemy; and any other causes not reasonably within the control of the Party claiming such inability to perform.

In addition to the foregoing, Force Majeure further includes any inability of the MCMUA to provide water to New Jersey-American resulting from MCMUA's contractual obligation to provide Southeast Morris County Municipal Utilities Authority (SMCMUA) with up to a guaranteed maximum of one million gallons per day (1 mgd) of water upon the expiration of the period of time in which MCMUA's guaranteed maximum amount of water delivered to SMCMUA has been reduced to 500,000 gallons per day (the "reduction period"), including any extensions to the reduction period, set forth in the Water Supply Agreement by and between the MCMUA and

SMCMUA and any amendments to said Water Supply Agreement, provided further that in the event of the expiration of the reduction period, MCMUA's transmission to SMCMUA of water exceeding 500,000 gallons per day renders MCMUA with the inability to provide New Jersey-American with the volume of water supply, or any portion thereof, required by this Agreement (the "SMCMUA Reduction Period Expiration Force Majeure"). At the time of this Agreement, the reduction period has been extended to December 31, 2022 pursuant to the Second Amendment to Water Supply Agreement by and between MCMUA and SMCMUA.

"Initial Term" means the ten-year period commencing on January 6, 2022.

"Point of Delivery" means the location of MCMUA at which water is delivered to New Jersey-American's water system as set forth in Schedule 1 of this Agreement and at which title to water provided hereunder shall pass from MCMUA to New Jersey-American.

"System" means the mains, lines, pump stations, meters, works, wells, connections, reservoirs, structures, equipment, and other real and tangible personal property, and all renewals, and replacements of any of the foregoing, acquired, constructed, or operated or to be operated, acquired, or constructed by MCMUA for the purposes of the Authority under the Act.

"Words" importing the singular number include the plural number and vice versa, words importing individual persons include firms, associations and corporations, and words importing the masculine gender include every other gender.

ARTICLE II

PROVISION OF WATER SERVICE

1. New Jersey-American agrees to purchase potable water during the term of the Agreement at rates determined in accordance with Article III of this Agreement.

2. New Jersey-American shall take or pay for twenty (20) million gallons of water each year during the term of this contract regardless of actual use. The daily, monthly and annual

maximum volumes of water that MCMUA will provide to New Jersey-American during the term of this Agreement are set out on Schedule 1 attached hereto and incorporated herein by reference.

3. The Initial Term will automatically extend for an additional five (5) year term if neither Party gives written notice of termination to the other within two (2) years of the end of the Initial Term. In the event that the Initial Term is extended for an additional five (5) years (the "First Five Year Extension") the Agreement will automatically extend for an additional five (5) years (the "Second Five Year Extension") if neither Party gives written notice of termination to the other within two (2) years of the end of the First Five Year Extension. Upon any termination of the Agreement service shall be discontinued and New Jersey-American shall remain responsible for the provision of water service to those users located along the MCMUA transmission mains who are New Jersey-American customers.

4. Intentionally Left Blank.

5. The MCMUA will permit New Jersey-American to make service connections to the MCMUA 12" transmission mains after the Point of Delivery subject to the approval of the MCMUA. New Jersey-American shall install such service connections in accordance with a design and detail approved by the MCMUA's Executive Director. New Jersey-American shall be responsible to install, maintain and make readings for new meters associated with the service connections.

6. If during the Initial Term of this Agreement, or any additional term, it shall become necessary for the Authority to impose water use restrictions, such restrictions will be uniformly applied, and New Jersey-American shall be restricted in the same proportion as the balance of the Authority customers.

7. All water provided by the MCMUA under this Agreement shall be potable at the Point of Delivery and all such water shall comply with all applicable NJDEP and USEPA laws and regulations regarding treatment and delivery of water and shall comply with all applicable notice requirements established by the NJDEP and USEPA and any successor government agencies or

departments. MCMUA shall not be responsible for contamination or degradation in the quality of the water past the Point of Delivery unless it can be shown that the contamination or degradation was caused by negligent acts of MCMUA. MCMUA shall perform water quality tests as required by applicable NJDEP and USEPA laws, and regulations. Presently, the MCMUA conducts chlorine residual and bacteriological tests. All water quality tests shall be performed only by State of New Jersey certified laboratories. MCMUA will provide New Jersey-American with reports of water quality test results for water samples taken at the Point of Delivery and, upon written request of New Jersey-American, New Jersey-American shall be entitled to take split samples with MCMUA at the Point of Delivery.

ARTICLE III **MCMUA CHARGES AND PAYMENT THEREOF**

1. New Jersey-American shall pay MCMUA one hundred percent (100%) of the then applicable Base Rate. MCMUA shall not assign New Jersey-American to or include New Jersey-American in any rate class that it may create or establish after the date of this Amended and Restated Agreement.

2. MCMUA may change the Base Rate from time to time in accordance with the provisions of the Act. The same Base Rate charged to wholesale customers receiving water produced by MCMUA shall be used to calculate rate charged to New Jersey American under Article III (1) above, and the total rate charged by MCMUA to New Jersey American for water provided under this Agreement shall never exceed one hundred percent (100%) of the Base Rate.

3. The Executive Director shall notify New Jersey-American any change in the rates within five (5) business days after a rate hearing held in accordance with N.J.S.A. 40:14B-23. In the event of a proposed increase or decrease in the Base Rate, the Executive Director shall provide notice to New Jersey-American in accordance with the notice requirements of N.J.S.A. 40:14B-23. New Jersey-American shall have the right to intervene in any rate proceedings in the same fashion as other wholesale customers of the MCMUA.

4. MCMUA shall bill New Jersey-American for water usage on a monthly basis which bills shall be due and payable within forty-five days of issuance by MCMUA. The monthly bills

shall be based upon actual use and MCMUA will calculate the total charge to be paid by New Jersey American in accordance with Article III (1) of this Agreement. The December billing shall include any true up calculation that may be required in the event that New Jersey American fails to take its annual take or pay volume and any such true up calculation shall also be charged in accordance with Article III (1) of this Agreement.

5. Bills not paid within forty-five (45) days of receipt shall be subject to the imposition of interest at the same rate as provided under the Act for the payment of interest on unpaid service charges, or as the same may be amended from-time to time. In addition to the right to impose interest charges or delinquent payments, MCMUA reserves all of the rights and powers with respect thereto as are set forth in the Act.

6. If New Jersey-American disputes a bill in good faith, New Jersey-American must on or before the due date thereof (a) pay the undisputed portion of the bill; and (b) notify MCMUA in writing as to the basis of the dispute. If the dispute is regarding meter accuracy, a meter test will be performed by any qualified firm acceptable to both Parties. If the meter test proves that the meter is within applicable and customary accuracy limits no adjustment shall be made to the bill and New Jersey-American shall bear the cost of the meter test. If the meter test proves that the meter is not operating within applicable and customary accuracy limits a billing adjustment shall be made in the next bill and MCMUA will pay for the cost of the meter test and the meter will be replaced or recalibrated. Should it be determined that the meter inaccuracy resulted in a lower bill than would have been justified by a correct meter reading then a billing adjustment shall be made in the next bill. Any billing dispute and consequent adjustment for the benefit of either Party shall be limited to the month for which, and during which, the dispute is raised and one prior month. The Parties agree that the Authority meter shall be conclusively presumed to be operating accurately if running within plus or minus 2% of true accuracy.

7. MCMUA will provide, install, and use, as part of the System, a meter or meters (which meters shall be calibrated at least annually) or other devices, methods, or procedures for determining the volume of water (either directly, by differentials, or otherwise) delivered to New Jersey-American. The MCMUA shall, at its cost, test the meter for accuracy annually and shall provide New Jersey American with reasonable advance written notice of each such test. New Jersey

American shall have the right to have a representative present during each such test. New Jersey-American shall have the right at any time, and from time to time, to inspect and test the meter at its expense in order to be satisfied as to its proper functioning. New Jersey-American shall provide reasonable notice of its intent to inspect and test the meter and MCMUA shall provide the access to the meter pit under its supervision. MCMUA shall have the right to have a representative present at any time that the meter is inspected and tested by New Jersey-American. MCMUA agrees that in the event of a malfunction, it shall promptly repair or replace the meter. In the event of such a malfunction of any meter or other device, MCMUA shall use an estimate as to the quantity of flow based on historic data and records pertaining to volumes previously delivered to New Jersey-American. A copy of any such estimate shall be conclusively deemed to have been made in accordance with this Agreement and to be correct within thirty days after issuance by MCMUA unless contested within that thirty day period and except as may be provided thereafter by final judgment of a court of competent jurisdiction. At the sole cost of New Jersey-American, MCMUA will permit New Jersey-American to install and maintain SCADA access limited to readily available data at the connection point to the Point of Delivery. In implementing the aforementioned limited SCADA connection, New Jersey-American shall abide by all rules, regulations, and direction provided to New Jersey-American by MCMUA and its consultants. No work in implementing the aforementioned limited SCADA connection shall occur without separate notice, supervision and approval by MCMUA. The amount of notice to be provided to MCMUA prior to installing and maintaining the aforementioned limited SCADA connection shall be determined by MCMUA.

8. MCMUA shall periodically sample the quality of water delivered to New Jersey-American pursuant to this Agreement and shall make such tests, measurements, and analyses thereof as shall assure its quality and the compliance by MCMUA with applicable state and federal regulations and drinking water standards. In fulfilling its obligations to provide water service hereunder, MCMUA shall have the right to utilize such sources of potable water as it shall subsequently develop provided that the same shall meet applicable state and federal regulations and drinking water standards.

9. MCMUA will make and keep permanent records of the volumes of water delivered and, when ascertained, of the quality thereof. MCMUA will keep proper books of records and accounts in which complete and correct entries shall be made of its transactions related to the

System, or any part thereof, and which shall be available for inspection by duly authorized representatives of New Jersey-American during regular business hours at the MCMUA offices. MCMUA will cause its books to be audited annually and will provide a copy thereof to New Jersey-American.

ARTICLE IV **MISCELLANEOUS**

1. MCMUA will at all times maintain all such insurance as is customarily maintained with respect to water systems of like character against loss, damage, or other liability.

2. If by reason of Force Majeure or SMCMUA Reduction Period Expiration Force Majeure:

a) MCMUA or New Jersey-American shall be rendered unable, wholly or in part, to satisfy their obligations under this Agreement, then such obligations, to the extent affected by such Force Majeure or SMCMUA Reduction Period Expiration Force Majeure, shall be suspended or reduced during the continuance of the inability to perform hereunder, but for no longer period.

b) If either Party suffers a Force Majeure or SMCMUA Reduction Period Expiration Force Majeure which limits or prevents the transfer of water hereunder, the Parties agree as follows:

i. New Jersey-American shall not be obligated to pay any amount for that portion of the minimum gallonage commitment shown on Schedule 1 (determined by prorating the annual take or pay volume for the Force Majeure period) that was unavailable during the Force Majeure or SMCMUA Reduction Period Expiration Force Majeure: and

ii. New Jersey-American shall be permitted, upon mutual agreement between the Parties, subsequent to the Force Majeure period or SMCMUA Reduction Period Expiration Force Majeure, to utilize and pay for that portion of the annual take or pay volume that was unavailable during the

Force Majeure period or SMCMUA Reduction Period Expiration Force Majeure if such water is available.

With the exception of SMCMUA Reduction Period Expiration Force Majeure, telephone notice of a Force Majeure experienced by either Party will be given to the other Party at the earliest possible time, and will be described subsequently in writing to such other Party within two (2) working days after the occurrence of the Force Majeure event. The Party experiencing a Force Majeure shall use its best efforts to remove or overcome such Force Majeure as soon as possible. To the extent that it is reasonably possible, eighteen months written notice shall be given by MCMUA to New Jersey-American prior to a SMCMUA Reduction Period Expiration Force Majeure. MCMUA is further excused from this notice requirement if due to an order of the Government of the United States or the State of New Jersey, or any agency or instrumentality thereof, or such other Force Majeure, such that an eighteen-month notice is not possible, in which case MCMUA shall provide New Jersey-American with as much advance notice of a SMCMUA Reduction Period Expiration Force Majeure as is reasonably possible.

3. MCMUA agrees to indemnify, protect and hold harmless New Jersey-American from any and all liability, loss, damages, costs or expense arising out of claims alleging that MCMUA failed to meet its obligations under this Agreement. New Jersey-American agrees to indemnify, protect and hold harmless MCMUA from any and all liability, loss, damages, costs or expense arising out of claims alleging that New Jersey-American failed to meet its obligations under this Agreement.

4. Any bonds or other obligations of MCMUA referred to in this Agreement or to be issued shall be the sole obligation of MCMUA and shall not in any way be deemed a debt or liability of New Jersey-American.

5. MCMUA may at any time assign or pledge for the benefit and security of the holders of bonds, notes, or other evidence of indebtedness, heretofore or hereafter issued by it, any of its rights under the provisions of this Agreement including but not limited to its right to receive payments from New Jersey-American and thereafter this Agreement shall not be terminated, modified, amended, or changed except in the manner (if any) and subject to the conditions (if any) permitted by the terms and provisions of such assignment or pledge, provided, however, that the

terms and provisions of such assignment may not modify the terms and provisions of this Agreement.

6. If any one or more of the covenants or agreements provided in this Agreement on the part of MCMUA or New Jersey-American to be performed should be contrary to law, then such covenant or agreement shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of the Agreement. This Agreement together with any schedules and exhibits, constitutes the entire understanding between the Parties with respect to the subject matter hereof, and the Parties will not be bound by any agreements, understandings or conditions, whether oral or written, with respect to the subject matter hereof other than those expressly set out in this Agreement. Any changes, modifications or amendments to this Agreement shall be effective through a writing executed by both Parties.

7. This Agreement may be executed in any number of counterparts all of which shall be regarded as an original for all purposes and shall constitute and be but one and the same.

8. This Agreement shall be governed by the laws of the State of New Jersey.

9. All notices and demands of any kind ("Notice") which any Party may be required or may desire to serve upon the other Party in connection with this Agreement must be in writing, except as otherwise provided herein, and must be served either by personal service, acknowledged by signature of addressee or authorized agent at the office address; by express mail; a private carrier; facsimile or email, provided the addressor sends a written confirmation of such notice no later than three (3) days after such email or facsimile is sent; or by certified mail, return receipt requested, postage prepaid. Service of any such notice by express mail, federal express, or certified mail will be deemed complete the second business day after mailing.

Service of any such Notice by personal delivery or by facsimile will be deemed complete upon the date of acknowledgment by the addressee or the date of facsimile confirmation, whichever applies. Such Notices will be addressed as follows:

If to the MCMUA: Executive Director
Morris County Municipal Utilities Authority
214A Center Grove Road
Randolph, New Jersey 07869

If to New Jersey-American: New Jersey-American Water Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attn.: Legal Department

With a Copy to: New Jersey-American Water Company, Inc.
167 John F. Kennedy Parkway
Short Hills, New Jersey 07078
Attn.: Senior Director - Operations

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.


Attest:

MORRIS COUNTY MUNICIPAL UTILITIES
AUTHORITY



*MARILYN REGNER
SECRETARY OF THE AUTHORITY*

By:



LARRY GINDOFF, EXECUTIVE DIRECTOR

Attest:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By:

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

Attest:

MORRIS COUNTY MUNICIPAL UTILITIES
AUTHORITY

By: _____

Attest:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By:


THOMAS SZROBA
VP OPERATIONS

6/18/21

SCHEDULE 1

Point of Delivery

The Point of Delivery between MCMUA and New Jersey-American is as follows:

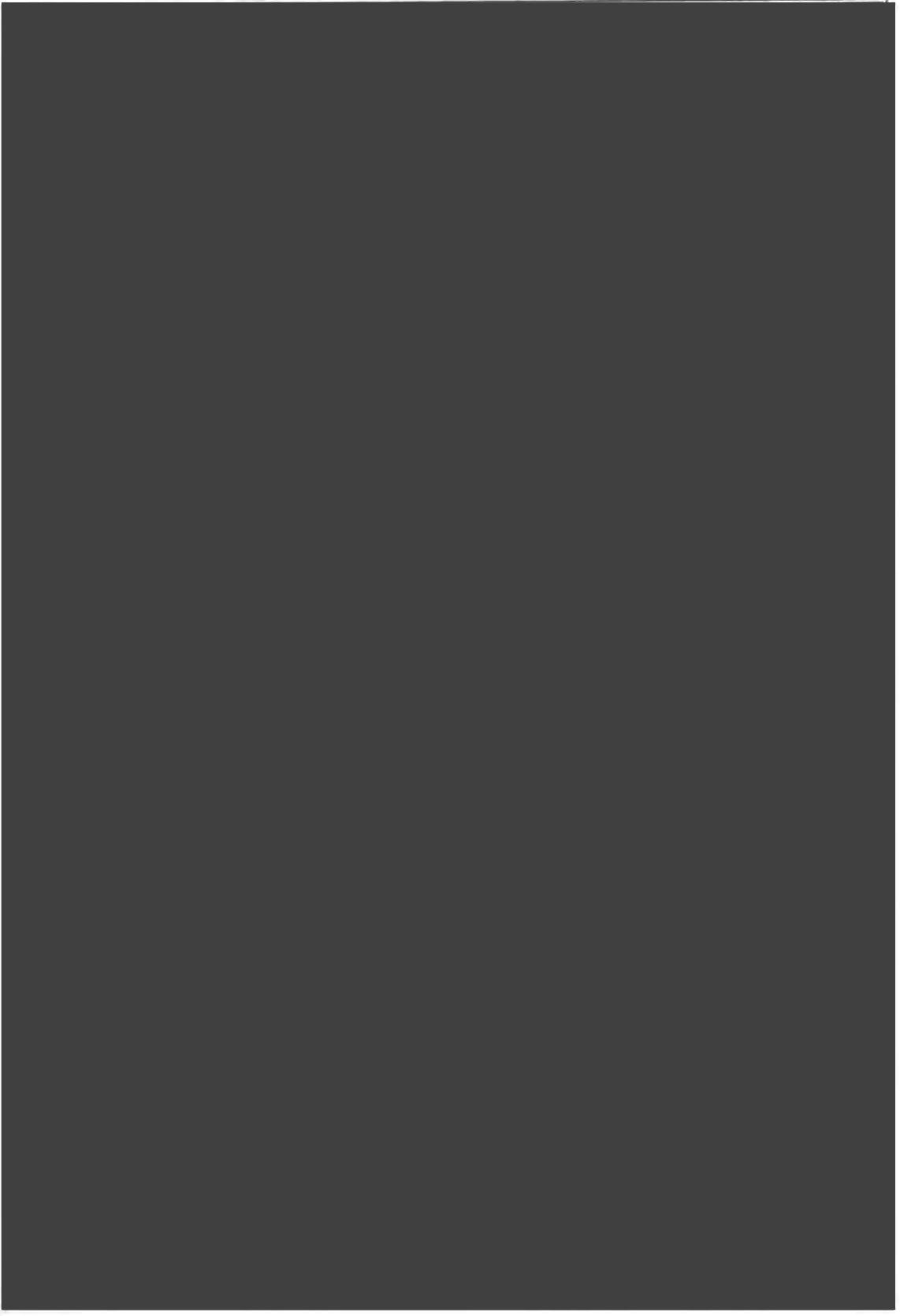
- 1) [REDACTED]

Volume of Water Supply

Maximum Daily:	0.25 MGD (Max Hourly Flow 1,000 gpm for fire protection)
Maximum Monthly:	3.1 MGM
Maximum Annual:	37 MGY

Minimum Annual Purchase Requirement (Take or Pay): 20 MGY

Exhibit 1 - Primary Supply -



MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
CONSOLIDATED WATER PURCHASE CONTRACT

NEW JERSEY WATER SUPPLY AUTHORITY

AND

NEW JERSEY AMERICAN WATER, INC.

Dated May 5, 2005

TABLE OF CONTENTS

	Page
Section 1. DEFINITIONS-----	7
Section 2. WATER SERVICE TO BE PROVIDED-----	26
Section 3. ADVISORY COMMITTEE-----	29
Section 4. SYSTEM WATER QUALITY-----	30
Section 5. PAYMENT FOR WATER SERVICES-----	31
Section 6. CERTAIN COVENANTS-----	36
Section 7. DELIVERY AND WITHDRAWAL OF WATER-----	39
Section 8. FORCE MAJEURE-----	43
Section 9. TERM OF CONTRACT-----	43
Section 10. INSURANCE-----	45
Section 11. EVENTS OF DEFAULT-----	46
Section 12. PAYMENTS AND NOTICE-----	47
Section 13. SEVERABILITY-----	48
Section 14. BINDING EFFECT-----	48

THIS CONSOLIDATED WATER PURCHASE CONTRACT made and entered into as of this 25th day of April, 2005, 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 NEW JERSEY AMERICAN WATER, INC. a corporation existing under the laws of the State of New Jersey, having its principal office at 989 Lenox Drive, Lawrenceville, New Jersey, 08648 ("Purchaser");

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 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 each Initial Water Purchase Contract provides that 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 entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated April 10, 1987 (the "Original Water Purchase

Contract") for diversions of 5.00 mgd, the Point of Delivery located [REDACTED] [REDACTED] [REDACTED].

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated September 1, 1988 (the "Contract Amendment No.1") for increased diversions of 0.40 mgd, the Point of Delivery located [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] for a total supply of 5.40 mgd.

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated October 1, 1991, (the "Contract Amendment No.2") for diversions of 0.315 mgd, the Point of Delivery located [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] for a total supply of 5.715 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, Aberdeen Township Municipal Utilities Authority; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated October 1, 1992 (the "Contract Amendment No.3") for diversions of 0.50 mgd, the Point of Delivery located on [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED], for a total supply of 6.215 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, Borough of Union Beach; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated May 1, 1993 (the "Contract Amendment No.4") for diversions of 0.090 mgd, the Point of Delivery located on [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED], for a total supply of 6.305 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, the Borough of Allenhurst; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated June 1, 1994 (the "Contract Amendment No.5") for diversions of 0.33 mgd, the Point of Delivery located on [REDACTED], for a total supply of 6.635 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, the Borough of Highlands; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated October 1, 1994 (the "Contract Amendment No.6") for diversions of 0.40 mgd, the Point of Delivery located at [REDACTED], for a total supply of 7.035 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, the Township of Howell; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated December 23, 1996 (the "Contract Amendment No.7") for diversions of 0.730 mgd, the Point of Delivery located at [REDACTED], for a total supply of 7.765 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, the Township of Howell; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated August 26, 1998 (the "Contract Amendment No.8") for diversions of 0.300 mgd, the Point of Delivery located at [REDACTED] for a total supply of 8.065 mgd, said increased diversion reflecting the transfer of System supply from another original Authority customer, Adelpia Water Company; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated January 1, 2000 (the "Contract Amendment No.9") to reflect a change in the Point of Diversion of 0.40 mgd from [REDACTED] to [REDACTED], said supply reflecting the diversions originally supplied by the Authority to the Township of Howell and transferred to Purchaser in the 6th Amended Contract, resulting in total contractual diversions of 6.635 mgd from [REDACTED], and 1.43 mgd from [REDACTED]; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply System Uninterruptible Supply Water Purchase Contract with Purchaser, dated June 1, 2003 (the "Contract Amendment No.10") to reflect a change in the amounts of water to be diverted from the [REDACTED] points of diversion resulting in total contractual diversions of 4.035 MGD and 4.030 MGD from [REDACTED] respectively and further requiring Purchaser's transmission of real-time flow metering information for its [REDACTED] diversions from Purchaser's supervisory control data acquisition system on a daily basis, said changes made in response to the completion of the [REDACTED] and the installation of real-time flow monitoring equipment at that facility; and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply Delayed Water Purchase Contract with Purchaser, dated July 1, 2001 (the "1st Delayed Water Purchase Contract") for diversions of 1.00 mgd, the Point of Delivery located at [REDACTED], [REDACTED], [REDACTED] (at Purchaser's discretion), for a total supply of 9.065 mgd, and

WHEREAS, the Authority entered into a Manasquan Reservoir Water Supply Delayed Water Purchase Contract with Purchaser, dated October 1, 2002 (the "2nd Delayed Water Purchase Contract") for diversions of 1.935 mgd, the Point of Delivery located at [REDACTED] [REDACTED] [REDACTED] (at Purchaser's discretion), for a total supply of 11.0 mgd, and

WHEREAS, in light of the numerous aforementioned contract amendments, it is in the parties' best interest to consolidate all terms and conditions of these contracts into a single consolidated contract; and

WHEREAS, by Resolution No. 1584, the Authority authorized execution of a Contract for supply of 1.5 mgd from the Manasquan Reservoir Water Supply System to Purchaser (Consolidated Contract); and

WHEREAS, the water to be supplied to Purchaser pursuant to this Consolidated Contract is to be delivered to Purchaser for treatment and distribution to Purchaser's customers through Purchaser's transmission system; 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 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 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.G. or Section 6.H., hereof, 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 this 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 comprised 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 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 accruing thereon payment of which is to be 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 Costs 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, 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 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 Water Supply Administration and its predecessor agency, 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 of 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.

"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, Inc. 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 the New Jersey American's interconnection system. Specifically, two points of delivery will be utilized for water purchased under this Contract and will be referred to as [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [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 New Jersey American Water, Inc.

"Purchaser's Interconnection System" means all present buildings, structures, transfer pumps, meters, meter vaults, telemetry equipment, piping, valves, and other control apparatus and equipment, to the extent located on properties, or facilities owned by the Authority, installed by or on behalf of, and owned by, the Purchaser (i) to connect Purchaser's system with the System's delivery equipment located at the Points of Delivery and to

withdraw, and measure, control, and monitor the flow and quality of water the Purchaser withdraws from the System, and (ii) to transport such water to the receiving pipelines located at the boundary of the System property.

"Purchaser's Delayed Water Purchase Share of Converted Unsold System Capacity Interest Accretion Bonds" means an amount, the computation of which is set forth in Appendix C hereto, equal to the product obtained by multiplying the ratio that the MG of Purchaser's Delayed Water Purchases in this Consolidated Contract (in million gallons per day) on an Uninterruptible Service basis bears to Unsold System Capacity by the principal amount of Unsold System Capacity Interest Accretion Bonds.

"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 Consolidated Contracts 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 pursuant to clause (ii) above 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 pursuant to clause (ii) above 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 pursuant to clause (ii) above 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] [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 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED], an additional charge to cover the Authority's cost of pumping water to [REDACTED] to replace water delivered from [REDACTED] to such Purchaser, after appropriate allowance in case of [REDACTED] [REDACTED] 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 or about 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 User'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.

"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

other water supply systems of the Authority 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. The Authority agrees that it will not reduce the six month period for official notice of proposed rate adjustments specified in paragraph (a) 1 of *Appendix B*.

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

"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:

(i) Uninterruptible Service in the total amount of 12.5 MGD from the following two Points of Delivery: [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] said combined Uninterruptible Service being subject to a maximum diversion of 7.5 MGD from Purchaser's interconnection with

[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] to safeguard the Minimum Dependable or Safe Yield of the System. The combined 12.5 MGD is the maximum amount of water to be withdrawn in any twenty-four (24) hour period as the total Uninterruptible Service from both Points of Delivery referenced in this Section except as otherwise permissible under the Optional Water Use Schedule;

(ii) Overdraft Service of that number of MGD necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service; and

(iii) Short-Term Service of that number of MGD 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 Daily 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. This volume constitutes Purchaser's total withdrawal including Purchaser's Initial and Delayed Water Purchase Contract amounts but excludes Purchaser's withdrawals pursuant to water contracted by other purveyors under tri-partite agreements.

B. Purchaser shall not, without the consent of the Authority, withdraw any water under the Short-Term Service provisions hereunder without first giving notice to the Authority of its proposed utilization of the Short-Term Service provisions, 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 9,549 GPM or 12,500,000 gallons in any Daily Period, which amounts shall be appropriately adjusted to reflect fluctuations in water use permissible under the Optional Water Use Schedule.

D. When required by the Authority, the Purchaser shall submit in writing to the Authority a schedule of its' combined normal withdrawal of water from the System, presented in terms of instantaneous withdrawals of water at specified gallons per minute and MG 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(b) of that Schedule. The Purchaser agrees to notify the Authority eight (8) hours in advance of any proposed departure from said schedule or plan for a specific Daily Period. 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.

F. Following a rationing event, and to the extent excess water is available in the System, the Authority will make reasonable efforts to allow the Purchaser the opportunity to withdraw all or part of the lost contract volume within the fiscal year that the event occurred.

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 Year, and (ii) any other matters affecting the System or the Water Purchase 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.** For the period of January 1, 2005 through June 30, 2006, Purchaser shall pay the Authority quarterly for contractual uninterruptible supply reflecting (i) Purchaser's Initial Water Purchase Contract purchases, the product of: 8.065 MGD, 91.25 (said number reflecting the average number of days in each calendar quarter), and a total rate component of \$921.64 per MG (1/1/05 - 6/30/05) or \$895.01 per MG (7/1/05 - 6/30/06); (ii) Purchaser's 1 MGD Delayed Water Purchase Contract purchase, the product of 1.00 MGD, 91.25 (said number reflecting the average number of days in each calendar quarter), and a Delayed Water Purchase Rate component of \$1,186.00 per MG (1/1/05 - 6/30/05) or \$1,164.26 per MG (7/1/05 - 6/30/06); (iii) Purchaser's 1.935 MGD Delayed Water Purchase Contract purchase, the product of 1.935 mgd, 91.25 (said number reflecting the average number of days

in each calendar quarter), and a Delayed Water Purchase Rate component of \$1,192.89 per MG (1/1/05 - 6/30/05) or \$1,164.26 per MG (7/1/05 - 6/30/06); and iv) Purchaser's 1.5 MGD Delayed Water Purchase Contract purchases, the product of 1.5 MGD, 91.25 (said number reflecting the average number of days in each calendar quarter), and a Delayed Water Purchase Rate component of \$1,518.86 per MG (1/1/05 - 6/30/05) or \$1,164.26 per MG (7/1/05 - 6/30/06). For the period of July 1, 2005 through June 30, 2031, Purchaser shall pay the Authority quarterly for its total 12.5 MGD contractual uninterruptible supply, the product of: 12.5 MGD, the average number of days in the calendar quarter relative to the number of days in the calendar year, and the total rate per MG set forth in the Schedule of Rates (N.J.A.C. 7:11-4.1(d)).

Purchaser agrees to make Quarterly Water Payments for the Uninterruptible Service referenced herein not later than the 10th 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 (see 36 N.J.R. 5617, December 20, 2004), 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), and any rate components and such modifications to the Daily Overdraft Rate adopted by the Authority, for 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 (a) 7.5 mgd from Purchaser's

interconnection with the Authority's force main adjacent to Purchaser's Oak Glen Water Treatment Plant property, and (b) 12.5 mgd in total combined diversions from Hospital road or Oak Glen. In the absence of an optional water use schedule, Purchaser shall pay the Daily Overdraft Rate for diversions in excess of either (C)(ii)(a) or (C)(ii)(b) above. 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 (see 36 N.J.R. 5617, December 20, 2004) for each day during each calendar year in which Purchaser's average daily diversion exceeds 12.5 MGD. 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), and any rate components and such modifications to the Annual Overdraft Rate adopted by the Authority. Purchaser agrees to make annual water payments for the Annual Overdraft Service referenced herein not later than the 10th 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.F 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 therefor 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 public notice and hearing requirements and other requirements set forth in the System Rules and Regulations. 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 Wachovia Bank, 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 those provided herein for 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 or Purchaser under this Water Purchase Contract.

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, which 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 Contracts containing Delayed Water Purchase Provisions shall contain provisions requiring the payment of Delayed Water Purchase Surcharges by Water Purveyor parties to such contracts in amounts and on such terms as shall be determined by the Authority as set forth herein. 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 adjustments involved are adopted by the Authority, but the methods, periodic amounts and timing of such charges and allocation of benefits shall be as reasonably determined by the Authority. Such payments shall be made on the same basis as Quarterly Water Payments under Section 5.B hereof.

F. Delayed Water Purchase Surcharges shall include the payment when due of the principal and sinking fund installments of and interest on Purchaser's Delayed Water Purchase Share of

Converted Unsold System Capacity Interest Accretion Bonds. Delayed Water Purchase Surcharges shall also include, as a component of the Coverage Charge allocable to the Delayed Water Purchase Provisions of this Consolidated Contract, an amount equal to 20 percent of the principal and sinking fund installments of and interest on the Purchaser's Delayed Water Purchase Share of Converted Unsold System Capacity Interest Accretion Bonds as set forth in Appendix C. The Authority shall, in computing the Applicable Debt Service Schedule pursuant to Section 719 of the Resolution for the Delayed Water Purchaser party to the Delayed Water Purchase Provisions of this Consolidated Contract, provide for the amortization of the Purchaser's Delayed Water Purchase Share of Converted Unsold System Capacity Interest Accretion Bonds.

G. The Authority agrees that it will apply to the prepayment of State Loan Bonds surplus revenues generated by debt service coverage requirements imposed pursuant to the State Loan Agreement and the Resolution, to the extent they exceed the amounts required to be deposited in the debt service fund for the State Loan Bonds or in any Special or Reserve Fund, with the benefits from the resulting reduction in Debt Service Costs to be allocated among System Water Purchasers in proportion to their respective contributions to the surplus revenues which were so applied to prepayment of State Loan Bonds, either by way of appropriate Delayed Water Purchase Surcharges and related credits, or any other appropriate method.

H. The Authority agrees that, if the State shall determine to require a debt service reserve fund for State Loan Bonds in addition to the 50 percent of maximum annual debt service which is to be funded from water charges levied to provide debt service coverage as described in the State Loan Agreement, the Authority will permit any System Water Purchaser to provide the additional debt service reserve fund deposit allocable to such

System Water Purchaser's Water Supply Contract (in cash, or in the form of a letter of credit or insurance contract meeting the requirements of the Resolution and acceptable to the Trustee under the Resolution), in which event the Authority will impose appropriate charges and effect related credits, so as to restrict the imposition of additional Debt Service Costs arising from any State Loan made to fund such additional reserve requirements, and limit the benefit of investment income from the debt service reserve fund, to those System Water Purchasers not providing such funding for the portion of such requirements attributable to their Water Purchase Contracts.

Section 7. **DELIVERY AND WITHDRAWAL OF WATER.**

A. Purchaser has entered into other Water Purchase Contracts with other Water Purveyors. This Contract shall not be affected by any failure of Purchaser to continue such agreements. The failure of Purchaser to accept such water shall not affect its obligation to make payment for such water otherwise available for delivery by the Authority. The Authority shall have no responsibility with respect to any failure of Purchaser and any other party to enter into any such agreement or with respect to any agreement entered into by Purchaser, or for the performance by Purchaser or any other party (including the action or inaction of any other party's employees, agents, officers, directors or controlling persons) under any such agreement. The provisions of this Section 7 shall be applicable to all water received by the Purchaser at the Point of Delivery, whether for its own account or for the account of such other Water Purveyors. Purchaser's obligation to make payment hereunder shall not be affected by any failure by Purchaser and any other party to enter into any such

agreement or with respect to any contract entered into by Purchaser, or for the performance by Purchaser or any other party (including the action or inaction of any other party's employees, agents, officers, directors or controlling persons) under any such agreement.

B. Water shall be withdrawn from the System at Purchaser's sole cost and expense. Title to all water supplied from the System shall be in the Authority up to the Point of Delivery, at which point title shall pass to the Purchaser (or in the case of water received by Purchaser for the account of other Water Purveyors, such other Water Purveyors) upon withdrawal of such water. The Authority and the Purchaser each agree to hold the other harmless from all liability, loss or damage arising from improper water flows or other events relating to water while title is in the other party hereto.

C. The Authority grants to the Purchaser an easement for the term of this contract permitting access for Purchaser's personnel and equipment upon, over and under System property as may be necessary to install and construct at the Point of Delivery and on adjoining System property at or near the Point of Delivery, and to replace, repair, operate and maintain Purchaser's Interconnection System, all at Purchaser's sole cost and expense.

D. The Purchaser shall make no material alterations in Purchaser's Interconnection System without the prior written approval of the Authority, which shall not be unreasonably withheld.

E. The Authority or its designated representative shall have the right at any time to examine Purchaser's Interconnection System and modifications thereto. The Purchaser shall, at its sole cost and expense, within ten (10) days (or such longer period as

may be required by law or as the parties may agree) after receipt of written demand from the Authority, make such modifications or repairs to Purchaser's Interconnection System as, in the opinion of the Authority, may be required to eliminate leakage of water from, or potential damage to the System. On Purchaser's failure to do so, the Authority may make such modifications and repairs and the Purchaser agrees to reimburse the Authority promptly after demand for the Authority's cost and expense in so doing.

F. The Purchaser shall purchase or construct, install, operate, maintain and repair, as a part of Purchaser's Interconnection System, at its sole cost and expense and in a manner which the Authority determines to be in accordance with Prudent Water Supply Practices, automated flow meters at the point(s) of diversion that electronically transmit daily diversionary flow information to the Authority, of the type and at location(s) approved by the Authority. The Purchaser shall have said flow meters tested for accuracy at its own sole cost and expense before installation, by a testing firm approved by the Authority, and shall furnish a certified report of such test to the Authority. The Purchaser shall have such tests repeated and furnish a report of said tests to the Authority (i) at least once each year (ii) following meter repairs and (iii) at such other reasonable time as the Authority may reasonably request at Purchaser's sole cost and expense, except that, in the event that any test required pursuant to clause (iii) above establishes that the meter does not vary more than two percent from actual, such test shall be at the sole cost and expense of the Authority.

G. The Purchaser shall keep a daily record of flow rates and cumulative daily water withdrawal totals and shall submit to the Authority, not later than the tenth (10th) business day of each such month, copies of such records for the preceding month. The Authority or its designated representative shall have the right

at any time to examine the flow meter or other measuring device and the above mentioned records, as well as to order tests pursuant to clause (iii) or paragraph F above, or repairs or replacements thereof.

H. In the event of meter malfunction involving variances greater than two percent from actual, the Authority may estimate the amounts of water actually withdrawn and base charges upon such estimates rather than meter readings, without prejudice to the right of the Purchaser to dispute such estimate and to pursue any legal remedy in connection therewith. Such estimates shall be based on the Purchaser's average daily withdrawals, with due consideration of the scale of plant operation before and during the breakdown period, or on such other method consistent with Prudent Water Supply Practice as the Authority shall determine.

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

J. The Authority, to the fullest extent permitted by the New Jersey Tort Claims Act, shall be responsible and shall at its own expense, defend itself against any and all suits, claims, losses, demands or damages of whatsoever kind or nature, arising out of or in connection with any act or omission of the Authority, its employees, agents or contractors, in performance of the obligations assumed by the Authority pursuant to this Agreement. The Authority hereby

releases the Purchaser from any and all liabilities, claims, losses, costs, expenses and demands of any kind or nature whatsoever, arising under the state or federal law, solely out of or in connection with the Authority's performance of the obligations assumed by the Authority pursuant to this Agreement.

Section 8. FORCE MAJEURE.

If by reason of Force Majeure either the Authority or Purchaser shall be rendered unable wholly or in part to satisfy its obligations under this Contract and shall give notice and full particulars of such Force Majeure in writing to the other such party hereto within a reasonable time after occurrence of the event or cause relied on, then the obligation of the party giving such notice, to the extent affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed; provided, however, that the existence of an element of Force Majeure shall in no event affect the obligation of the Purchaser to make the Quarterly Water Payments and other payments required under this Contract (subject to the provisions of Section 5.B hereof), but nothing in this Section 8 shall require the Purchaser to make any payment for water which the Authority does not make available to the Purchaser. Either party so affected shall use its best efforts to remove or overcome such Force Majeure with all reasonable dispatch.

Section 9. TERM OF CONTRACT.

A. This Contract shall become effective on January 1, 2005 and terminate on June 30, 2031, unless previously terminated as provided herein.

B. The Authority shall have the right to terminate this Contract without penalty as provided in Section 11 hereof.

C. In the event of an emergency, natural or otherwise, and, where practicable, after public notice and hearing in accordance with the "Administrative Procedure Act," P.L. 1968, c.410, as amended (N.J.S.A. 52:14B-1 et. seq.), the Authority reserves the right temporarily to curtail or suspend the Purchaser's withdrawal of water from the System, in which event Purchaser's payment obligation shall be reduced as provided in Section 5(E) hereof.

D. Within ninety (90) days after termination of this Contract or such longer period as may be reasonably required, the Purchaser agrees to remove from System property any facilities installed by Purchaser on System property, and to restore said property to its former condition as nearly as may be and in a manner satisfactory in the reasonable judgment of the Authority and to release and reconvey any easement granted pursuant to Section 7.C. hereof. On Purchaser's failure to do so, the Authority may make such removal and restoration at the sole cost and expense of the Purchaser, which cost and expense the Purchaser agrees to pay on demand. If such facilities are not removed within said 90 day period, the Authority also reserves the option to sell such facilities to assist in defraying the cost and expense of removal and restoration. Purchaser may within thirty (30) days after termination submit a written offer to sell or donate such facilities to the Authority, which the Authority shall accept or reject in writing within sixty (60) days.

E. In the event that the Department shall approve an apportionment of System water to the Purchaser for an additional period beyond the term of this Agreement, the Authority agrees that

if the Purchaser shall give notice to the Authority promptly after such approval of its desire to extend the term of this Contract to cover the additional period, not exceeding 25 years, for which such apportionment has been approved, the Authority will negotiate with the Purchaser in good faith with a view to agreeing to such an extension on fair and reasonable terms.

Section 10. **INSURANCE.**

A. **AUTHORITY INSURANCE.** The Authority shall exercise reasonable commercial efforts to purchase and carry fire, casualty, public liability and other insurance on the System, or otherwise establish and fund its own self-insurance program or participate in any State-administered pooled risk or self-insurance program, for purposes and in amounts which ordinarily would be carried or funded by a person or entity owning and maintaining similar facilities, except that the Authority shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the New Jersey Tort Claims Act, or any similar law or judicial decision. All premiums for such insurance shall constitute an Operation and Maintenance Expense of the System.

B. **PURCHASER INSURANCE.** The Purchaser shall exercise reasonable commercial efforts to purchase and carry fire, casualty, public liability and other insurance on any facilities located by the Purchaser on System property, for purposes and in amounts which ordinarily would be carried by a person or entity owning, operating and maintaining such facilities, except that if the Purchaser is a municipality, or instrumentality thereof, it shall not be required

to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Purchaser's legal counsel, be liable under the New Jersey Tort Claims Act or any similar law or judicial decision. The Authority shall be named as an "additional insured" on all public liability insurance policies purchased by the Purchaser for facilities located by the Purchaser on System property.

Section 11. **EVENTS OF DEFAULT.**

If the Purchaser shall (i) fail to make any payment due under this Contract for more than 30 days after any such payment is due or (ii) be unable to perform, or shall default in the performance of, any of its obligations under this Contract, and such default is willful or remains uncured more than 60 days after notice thereof is given by the Authority to Purchaser, then the Authority may without further notice take any one or more of the following actions:

(a) discontinue the supply and delivery of water under this Contract during the period of such default, without altering the obligation of the Purchaser to make Quarterly Water Payments or any other payment required by the terms of this Contract;

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

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

(d) unless all existing defaults shall theretofore have been cured, terminate this Contract.

Section 12. **PAYMENTS AND NOTICE.**

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

If to the Authority, as follows:

New Jersey Water Supply Authority
1851 Route 31
P. O. Box 5196
Clinton, NJ 08809

If to the Purchaser, as follows:

New Jersey American Water, Inc.
989 Lenox Drive
Lawrenceville, New Jersey 08648

The parties hereto shall have the right from time to time and at any time to change their respective addresses by at least fifteen (15) days' written notice to the other parties hereto.

Section 13. **SEVERABILITY.**

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

Section 14. **BINDING EFFECT.**

This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement which shall be governed by and construed in accordance with the laws of the State of New Jersey. No party hereto may assign its rights or obligations hereunder without the consent of the other party or parties entitled to the benefit of such rights or obligations.

SECTION 15. **Termination of Existing Contracts.**

Except (i) for amounts which may presently be due pursuant to the terms thereof for water supply during periods preceding the effective date of this Agreement and (ii) as is specifically set forth in this Section 15, this Contract supercedes

the Existing Contracts being specifically the Original Water Purchase Contract dated April 10, 1987; 1st Amended Contract dated September 1, 1988; 2nd amended Contract dated October 1, 1991; 3rd amended Contract dated October 1, 1992; 4th Amended Contract dated May 1, 1993; 5th Amended Contract dated June 1, 1994; 6th Amended Contract dated October 1, 1994; 7th Amended Contract dated December 23, 1996; 8th Amended Contract dated August 26, 1998; 9th Amended Contract dated January 1, 2000; 1st Delayed Water Purchase Contract dated July 1, 2001; the 2nd Delayed Water Purchase Contract dated October 1, 2002; and the 10th Amended Contract dated June 1, 2003, which are deemed by the parties hereto to be terminated.

IN WITNESS, WHEREOF, the Authority and the Purchaser have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of this 5th day of May, 2005.

(Authority Seal)

NEW JERSEY WATER SUPPLY AUTHORITY

By 

Henry S. Patterson, III
Executive Director

ATTEST:

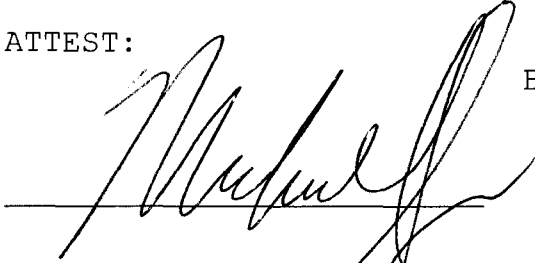


FRANK S. AMORELLA, ESQ.
ATTORNEY AT LAW
State of New Jersey

(Authorized Authority Notary)

NEW JERSEY AMERICAN WATER COMPANY, INC.

ATTEST:

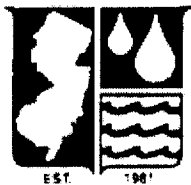


A large, stylized handwritten signature in black ink, written over a horizontal line.

By: *Dennis L. Lemnicke*
Authorized Officer

Reviewed and Approved as to Form:
Peter C. Harvey
Attorney General, State of New Jersey

By: *Helene P. Chuzik*
Helene P. Chuzik
Deputy Attorney General



NEW JERSEY WATER SUPPLY AUTHORITY

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

Criteria For Optional Water Use Schedule

1. On any given day, total delivery to all customers will not exceed 30 mgd - the safe yield of the System.
2. The uninterruptible contract amount in mgd is the maximum amount (in mgd), which is to be withdrawn in any 24 hour period, except as indicated below under the optional water use schedule.

Optional Water Use Schedule

3.
 - a) When the total of all uninterruptible contract amounts is equal to or less than 25 mgd, the Purchaser shall have the option of using up to 20 percent more of the total amount for any given month determined by the product of the Purchaser's uninterruptible contract amount in mgd times the number of days in that month. No less than 20 percent of the total amount is to be used in any month during the calendar year. The total use in any 24 hour period, when this option is exercised, shall not exceed 120 percent of the Purchaser's uninterruptible contract amount. The total amount of water delivered to each Purchaser exercising this option in any one calendar year period shall not exceed the product of the uninterruptible contract amount in mgd times the number of days in the calendar year.
 - b) Any Purchaser exercising this option shall submit a water use plan to the Authority by December 15 for the next calendar year, indicating the proposed water use in each and every month during the calendar year. The Purchaser shall review the water use plan to assure compliance with the terms of the uninterruptible contract so that the total annual amount will not be exceeded for the calendar year. If for any reason the Purchaser requires a change to the water use plan, the Purchaser shall notify the Authority, in writing, not later than fifteen days prior to the beginning of the month required to institute a change in the water use plan.
 - c) The Annual Payment payable to the Authority by the Purchaser shall be paid in equal quarterly payments.
 - d) The use of this option by a Purchaser may at times require the release of stored water from the Manasquan Reservoir, when it would not otherwise be required to satisfy the sustained daily delivery of the total uninterruptible amounts under contract at the time. All Purchases exercising this option will be assessed an additional charge to cover the increased operating costs associated with such extraordinary releases of stored water from the Reservoir.
 - e) When the total amount of uninterruptible water supply contracts exceeds 25 mgd, the optional water use schedule as defined above will not be available, and all Purchases will then be limited to the use of no more than the uninterruptible contract amount in any 24 hour period.

NEW JERSEY WATER SUPPLY AUTHORITY

7:11-2.14 PROCEDURES FOR RATE ADJUSTMENTS

(a) Prior to adopting an adjustment in the Schedule of Rates, Charges and Debt Service Assessments established in this subchapter, the Authority shall comply with the following rate-making procedures and schedule:

1. Official notice: Official notice and an explanation outlining the need for the proposed rate adjustment shall be given to all contractual water customers; the Department of the Public Advocate, Division of Rate Counsel; and other interested parties at least six months prior to the proposed effective date.

2. Supporting documents and financial records: All appropriate supporting documents and financial records of the Authority in support of the proposed adjustment shall either be supplied to all contractual water customers; the Department of the Public Advocate, Division of Rate Counsel; and other interested parties upon request, or shall be made available for review at the Authority's offices in Clinton, New Jersey at the time official notice of the proposed rate adjustment is given. This information shall be deemed to be part of the record of the proceedings for purposes of preparing the hearing officer's report required under (a)7 below.

3. Requests for additional information: The contractual water customers and the Department of the Public Advocate, Division of Rate Counsel shall be afforded the opportunity to submit written questions and requests for additional data prior to the time of the meeting required under (a)4 below. The Authority staff shall provide written answers to the questions and supply the additional data requested prior to the meeting.

4. Meeting with contractual customers and the Public Advocate, Division of Rate Counsel: Within 45 days after sending official notice to the contractual water customers and the Public Advocate, Division of Rate Counsel, regarding the proposed rate adjustment, Authority staff shall meet with representatives from the contractual water customers and the Public Advocate's office in order to present and explain the proposal.

1. At that time, contractual water customers and the Public Advocate, Division of Rate Counsel, will be invited to submit written questions which shall be put into the hearing record and which will be answered by Authority staff at the public hearing.

ii. In order to be answered at the public hearing, such questions must be received by the Authority no later than 15 days prior to the public hearing. The Authority staff will make every reasonable effort to answer those questions received later than 15 days prior to the public hearing at the time of the hearing. All questions will be answered as part of the hearing record at the time of the hearing or as indicated under (a)5vi below.

5. Public hearing: After meeting with the contractual customers and after giving sufficient opportunity for submission of written questions on the proposed rate adjustment, a public hearing shall be held, at which one or more members of the Authority shall serve as hearing officer(s). The public hearing agenda shall include, but not be limited to:

i. Opening statement by the hearing officer(s);

ii. Staff answers to the questions raised prior to the hearing by the contractual water customers and the Public Advocate, Division of Rate Counsel;

iii. Oral statements, written statements and any supporting evidence are to be presented and entered into the record by all interested parties including the contractual water customers, the Public Advocate, Division of Rate Counsel, intervenors who are judged by the hearing officer(s) to meet the criteria established in (a)5iv below, and any other party of interest;

iv. Requests for intervention for purposes of directing questions to the staff as delineated under (a)5v below;

(1) Any person other than a contractual water customer who is substantially and specifically affected by the proposed rate adjustment may move either in writing prior to the public hearing or orally during the public hearing to intervene in the proceedings for purposes of directing questions to the staff, as delineated under (a)5v below.

(2) Anyone seeking to intervene must identify themselves as well as the manner in which he/she will be affected. The hearing officer(s) will then either approve or deny the request.

(3) The Public Advocate, Division of Rate Counsel, shall be deemed a qualified intervenor for purposes of the public hearing.

v. Questions by contractual water customers and qualified intervenors; and

(1) Agenda item (a)5iii above provides for the submission of oral statements, written statements and any supporting evidence by all interested parties.

(2) In addition, under this agenda item all contractual water customers and qualified intervenors may question the staff on any aspect of, the need for, the basis of or any provision of the proposed rate adjustment. Follow up questions relative to the answers of the staff may also be directed to the staff during the public hearing.

vi. Responses from staff.

(1) In the event that a response cannot be immediately given at the hearing, then a written response shall be prepared within 10 working days after the public hearing, and a copy of that written response shall be provided to all contractual water customers, the Public Advocate, Division of Rate Counsel, and attendees at the hearing and made a part of the hearing record.

(2) Within 10 working days after receipt of the answer, contractual water customers, the Public Advocate, Division of Rate Counsel, and attendees will be permitted to respond in writing to the answers of the staff for the record.

6. Hearing record: The hearing record shall remain open for at least 25 working days after the public hearing in order to allow additional written comments to be submitted.

7. Hearing Officer's Report: After the hearing record is closed, a hearing officer's report, which shall be based solely on the record of the proceedings, and which shall include findings of fact and specific responses to all issues and questions raised during the public hearing proceedings, shall be prepared and submitted to the Authority prior to the Authority taking final action on the proposal.



**NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR PROJECT
STATE FUNDING OF 1985 BONDS**

TERM SHEET

Pursuant to a Loan Agreement to be entered into between the State and the Authority,* the State will make a loan to the Authority, the proceeds of which will be applied by the Authority to redeem the 1985 Bonds. To evidence this loan, the Authority will issue to the State its 1987 Bonds in the principal amount equal to the amount of the loan.

The 1987 Bonds will consist of a portion upon which full debt service will be payable on a current basis after project completion from proceeds of existing water service contracts (the "Current Debt Service Portion") and a portion upon which debt service is to be deferred and to accrete until additional water contracts are entered into (the "Deferred Debt Service Portion"). The Deferred Debt Service Portion will convert, pro rata, into the Current Debt Service Portion as uninterrupted service commences under additional water contracts.

The 1987 Bonds representing the Current Debt Service Portion will be secured by and payable solely from a first and priority lien on the net revenues of the Authority from the Manasquan River Project, on a pari passu basis. The Bonds representing the Deferred Debt Service Portion will be secured by a junior and subordinate lien. The State may remarket the Current Debt Service Portion to the public.

CURRENT DEBT SERVICE PORTION

Amount	- Initially, the same proportion of the total Bond issue as the volume of water covered by existing water contracts bears to the Minimum Dependable or Safe Yield of 30 MGD, (not to be less than 40%).
Rate	- True Interest Cost of State General Obligation Bonds.
Term	- Construction period plus 30 years, or date of commencement of uninterrupted service under water user contracts plus 30 years, whichever is later.

* This term sheet sets forth, in general terms only, certain of the proposed financial terms of the proposed Loan Agreement between the State and the Authority, and does not itself constitute a binding agreement.

April 2, 1987

PFM

Payment

- Interest accruing on and after 8/1/90 is payable currently beginning 2/1/91 and semi-annually thereafter
- Principal payable annually beginning 8/1/91
- Interest from dated date to a date six months prior to the first interest payment date is compounded and capitalized.
- Debt will be amortized based on approximately level debt service.

Debt Service Reserve Fund

- The debt service reserve fund requirement shall equal maximum annual debt service on the 1987 Bonds of the Current Debt Service Portion. Based upon an estimated interest rate of _____%, the Debt Service Reserve Requirement would be approximately _____% of the principal amount of outstanding 1987 Bonds of this portion. Fifty percent of the Debt Service Reserve required in respect of the 1987 Bonds of the Current Debt Service Portion issued at the time of the making of the State loan will be funded on February 1, 1995, or such later date as the State may determine, with the proceeds of an additional State loan evidenced by additional 1987 Bonds of the Current Debt Service Portion (or a credit facility substituted therefor), except to the extent funded by cash (or a credit facility substituted therefor), provided by the Authority or any water purchaser. The remaining 50% will be funded from water charges levied to provide debt service coverage (see below).

Debt Service Coverage

- For water users who enter into contracts prior to the issuance of the 1987 Bonds, water charges will include a debt service coverage charge as follows for each year beginning:

2/1/91 - 105%

2/1/92 - 110%

2/1/93 - 115%

2/1/94 and thereafter - - 120%

Excess revenues arising from such coverage will be used to meet the debt service reserve fund requirement. The foregoing schedule is designed to fund completely this requirement by 12/31/95 on the assumption that the initial amount of the Current Debt Service Portion is equal to 40% of the total Bonds and that no

increase in this Portion occurs prior to 12/31/95. Once the Debt Service Reserve Fund has been established in the full amount required, revenues arising from excess coverage will be used to meet a renewal and replacement fund requirement and thereafter to retire, purchase, or fund a sinking fund for the 1987 Bonds. As the Deferred Debt Service Portion becomes part of the Current Debt Service Portion, the debt service reserve fund requirement will be increased to include maximum annual debt service on the Bonds so converted. Fifty percent of this requirement in respect of the Bonds so converted will be funded from water charges levied to provide debt service coverage (see below). To the extent, if any, that the State shall require funding of the balance of this requirement, it will be funded with the proceeds of an additional State loan (or a credit facility substituted therefor), except to the extent funded by cash, letters of credit or insurance policies provided by the Authority or any water purchaser. For Bonds converted in 1995 or earlier, the State loan will be made in 1995, or such later date as the State may determine. For Bonds converted in 1996 or thereafter, the State loan will be made within 12 months of such a conversion, or such later date as the State may determine. This additional State loan will be evidenced by additional 1987 Bonds of the Current Debt Service portion.

Optional Redemption

- The 1987 Bonds will be callable at par plus accrued and accreted interest prior to remarketing, after which Bonds which are remarketed will be callable only upon the terms (including any premium provisions) to be set forth in the Authority's Resolutions with respect thereto.

DEFERRED DEBT SERVICE PORTION

Amount

- Initially, maximum of 60% of the par amount of the 1987 Bonds. An amount of this Portion proportionate to the water contracts subsequently entered into will be added to the Current Debt Service Portion.

- Rate - True Interest Cost of State General Obligation Bonds.

- Payment - Interest from dated date to 8/1/90 is compounded and capitalized. For the next three years, interest will accrue and be added to principal; however, there will be no compounding of the interest accrual. After this point there will be no additional interest.

- Term - No required principal payments until converted into Current Debt Service Portion.

- Debt Service Reserve Fund - As the Deferred Debt Service Portion becomes part of the Current Debt Service Portion, the debt service reserve fund requirement will be increased to include maximum annual debt service on the Bonds so converted. Fifty percent of this requirement in respect of the Bonds so converted will be funded from water charges levied to provide debt service coverage (see below). To the extent, if any, that the State shall require funding of the balance of this requirement, it will be funded with the proceeds of an additional State loan (or a credit facility substituted therefor), except to the extent funded by cash (or a credit facility substituted therefor), provided by the Authority or any water purchaser. For Bonds converted in 1995 or earlier, the State loan will be made in 1995, or such later date as the State may determine. For Bonds converted in 1996 or thereafter, the State loan will be made within 12 months of such a conversion, or such later date as the State may determine. This additional State loan will be evidenced by additional 1987 Bonds of the Current Debt Service portion.

- Debt Service Coverage - For water users who enter into contracts prior to 1994 (even if such contracts are entered into before debt service commences on any Bonds and hence are not delayed Water Purchase Contracts), water rates will include a debt service coverage charge as follows for each year beginning:
 - 2/1/91 - 105%
 - 2/1/92 - 110%
 - 2/1/93 - 115%
 - 2/1/94 and thereafter - 120%

For water users who enter into contracts in 1994 or thereafter, water rates will include a debt service coverage charge established to achieve 120% debt service coverage. Revenues resulting from excess coverage will be applied as previously described.

Redemption - Callable at par plus accrued and accreted interest.

GENERAL PROVISIONS

1. The Authority will retain investment earnings during the construction period and agree to comply with all tax regulations concerning arbitrage and rebate requirements pertaining to the G.O. Bonds issued by the State to fund the loan.

2. Investment earnings on the debt service reserve fund will remain in the debt service reserve fund until the debt service reserve fund requirement has been met after which time earnings will follow the normal flow of funds.

3. Upon completion of the project, any monies remaining in the construction fund will be allocated on a pro rata basis to retire the Current Debt Service portion and the Deferred Debt Service portion of the 1987 Bonds.

4. If project cost over-runs occur and additional funds are needed to complete the project, the State agrees to make completion loans (the "Completion Loans") to the Authority, which will be evidenced by the Authority's issuance of an additional series of Current Debt Service Portion notes and an additional series of Deferred Debt Service Portion notes. The Completion Loan will be made under the following terms:

- The ratio of the new Current Debt Service Portion notes to the new Deferred Debt Service Portion notes will be the same as the ratio then existing between the Current Debt Service Portion and the Deferred Debt Service Portion.
- The Completion Loans will bear interest at a rate equal to the market interest rate on outstanding State general obligation debt ten business days prior to the date of the closing of the Completion Loan, as determined and certified by the State Treasurer.
- The size of the Completion Loan will be limited to the difference between \$72,000,000 and the total of the amounts previously advanced by the State and the amount of additional State loans which will be required to fund 50% of the debt service reserve fund requirement. (For this purpose only, the calculation of the debt service reserve fund requirement will be based upon the assumption that the entire

Deferred Debt Service Portion, both new and outstanding, remains deferred until February 1, 1994. However, if an alternative mechanism for funding the debt service reserve fund has been contractually committed to, this shall be taken into account in making the calculation.)

Subject to these limitations, the Completion Loan will in all other ways be subject to the relevant requirements of this term sheet.

Should the requirement for funds to complete the project exceed the amount which can be obtained through the Completion Loan, the Authority will seek alternative financing to complete the project.

5. Dates set forth herein assume commencement of uninterrupted service under water purchase contracts not later than July 1, 1990. If such service commencement date is delayed, payment of interest on a current basis will be deferred until such date, the first principal payment date would be the August 1 following the first full year of such service, and other dates would be adjusted accordingly.

BCB:mpg

First Amendment to
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
CONSOLIDATED WATER PURCHASE CONTRACT
(Demand Center 3)

Between the

NEW JERSEY WATER SUPPLY AUTHORITY

AND

NEW JERSEY AMERICAN WATER COMPANY, INC.

Effective *December 8*, 2014

This First Amendment to Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract (Demand Center 3) effective DECEMBER 8, 2014 by and between the New Jersey Water Supply Authority (the "Authority") a public ~~body corporate and politic, with corporate succession, with an~~ address of 1851 State Highway 31, Post Office Box 5196, Clinton, New Jersey 08809, and the New Jersey American Water Company, Inc. ("the Purchaser"), a corporation existing under the laws of the State of New Jersey, having its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey 08043.

WITNESSETH THAT

WHEREAS, the Authority has previously entered into a Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract, dated as of May 5, 2005 (the "Consolidated Water Purchase Contract") with the Purchaser for Uninterruptible Service totaling 12.5 MGD; and

WHEREAS, in the Consolidated Water Purchase Contract dated May 5, 2005, the Authority authorized the Purchaser's raw water diversion from the System from two points of delivery at [REDACTED] [REDACTED] [REDACTED] [REDACTED] with a maximum diversion from the Authority's force main at [REDACTED] of 7.5 MGD to safeguard the Minimum Dependable or Safe Yield of the System; and

WHEREAS, as a result of capital improvements to increase the capacity of the Oak Glen Water Treatment Plant to meet future forecasted customer demand for water in the Howell and Lakewood service area, the Purchaser has requested an increase in the maximum diversion at [REDACTED] from 7.5 MGD to an average up to 12.5 MGD from June 1 to August 31; and

WHEREAS, the Authority has concluded, in consultation with the New Jersey Department of Environmental Protection, that this seasonal increase in the maximum diversion from the Authority's force main adjacent to the Purchaser's Oak Glen Water Treatment Plant will not have a significant impact on the System Safe Yield; and

WHEREAS, in consideration of the Authority's adjustment of the Hospital Road and Oak Glen diversions, the Purchaser, will continue to transmit to the Authority, real-time flow metering information for its Hospital Road and Oak Glen diversions from the Purchaser's supervisory control data acquisition (SCADA) system.

NOW, THEREFORE, for and in consideration of the promises and agreements herein set forth, the Authority and the Purchaser agree as follows:

Amendments to Consolidated Water Purchase Contract

1. Section 2, paragraph A, subparagraph (i) of the Consolidated Water Purchase Contract is hereby amended by striking the said subparagraph (i) of Section 2.A. and substituting the following paragraph therefor:

"(i) Uninterruptible Service in the total amount of 12.5 MGD from the following two Points of Delivery: [REDACTED]

[REDACTED] In order to safeguard the Minimum Dependable or Safe Yield of the System said Uninterruptible Service is subject to the following diversion restrictions at [REDACTED]:

- (I) annual average daily diversion of 7.5 MGD;
- (II) maximum average daily diversion of 14 MGD during any calendar month for the period of June through August;
- (III) maximum peak daily diversion of 15.0 MGD during any calendar month for the period of June through August;
- (IV) during any calendar month for the period of June through August the daily diversion will be less than or equal to 11 MGD until such time as the Oak Glen water treatment plant is permanently expanded or the total raw water contracted amount of all purchasers is over 22 MGD. Upon completion of the treatment plant expansion the daily diversion must be less than or equal to 7.5 MGD or greater than or equal to 11 MGD, provided, however that the Purchaser and Authority agree on construction of a direct connection from the Purchaser's Glendola discharge 36 inch main to the Authority's 66 inch main equipped with a flow control valve so that any differential in flow requirements above 7.5 MGD and below 11 MGD will be made up through the flow control valve utilizing the Authority's 66 inch

main, provided, further, at the discretion of the Authority, the Authority may choose to replace one of the high lift reservoir pumps with a smaller pump to achieve same. In either case, the Purchaser will then take a daily diversion without restriction of being less than or equal to 7.5 MGD or greater than or equal to 11 MGD;

(V) during any calendar month for the period of June through August if Purchaser sets withdrawal at 11.0 MGD or greater, the withdrawal rate must be maintained between 11.0 MGD and 15.0 MGD for a minimum of 72 consecutive hours;

(VI) during any calendar month for the period of June through August if Purchaser sets withdrawal at 11.0 MGD or greater, the withdrawal rate must be held constant (within 10%) in any twenty-four (24) hour period;

(VII) during any calendar month for the period of June through August Purchaser must provide a minimum of three (3) hours' notice to the Authority of any changes in the withdrawal rate at Oak Glen. The combined 12.5 MGD is the maximum amount of water to be withdrawn in any twenty-four (24) hour period as the total Uninterruptible Service from both Points of Delivery referenced in this Section except as otherwise permissible under the Optional Water Use Schedule;"

2. Section 5, paragraph C of the Consolidated Water Purchase Contract is hereby amended by striking the said paragraph C of Section 5 and substituting the following paragraph therefor:

"C. Daily Overdraft Service. Purchaser shall pay the Authority monthly, the Daily Overdraft Rate as amended from time to time at N.J.A.C. 7:11-4.9, consisting of one hundred 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 Cost 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 NJEIFP debt rate 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 each day during any calendar month in which Purchaser's diversion exceed (i) the diversion set forth in an authorized optional water use schedule or (ii) in the absence of an authorized optional water use schedule 12.5 MGD in total combined diversions from Hospital Road and Oak Glen. Purchaser agrees to make payments for Daily Overdraft Service charges not later than 30 days of receipt of an Authority invoice for said month."

In all other respects the Consolidated Water Purchase Contract dated May 5, 2005 between the Purchaser and the Authority shall continue in full force and effect.

IN WITNESS WHEREOF, the Authority and the Purchaser have caused this First Amendment to the Consolidated Water Purchase Contract to be duly executed as this 8th day of December, 2014.

(Authority Seal)

ATTEST:

NEW JERSEY WATER SUPPLY AUTHORITY

Sarah Valente
(Witness)

By: *H.S.P.*
Henry S. Patterson
Executive Director

(Purchaser Seal)

ATTEST:

NEW JERSEY AMERICAN WATER CO., INC.

Susan Cole
~~Secretary~~ Susan Cole
Treasurer

By: *S.P.S.*
Authorized Officer
Stephen P. Schmitt
VP Operations

Reviewed and Approved as to form only:

John Jay Hoffman
Acting Attorney General for New Jersey

By: *Helene P. Chudzik*
Helene P. Chudzik
Senior Deputy Attorney General

SECOND AMENDMENT TO THE AGREEMENT DATED FEBRUARY 5, 2008 AND AMENDED ON JANUARY 14, 2015 FOR THE SUPPLY OF WATER BETWEEN THE TOWNSHIP OF MARLBORO, A MUNICIPAL CORPORATION OF THE STATE OF NEW JERSEY MAINTAINING ITS ADMINISTRATIVE OFFICES AT 1979 TOWNSHIP DRIVE IN THE TOWNSHIP OF MARLBORO, COUNTY OF MONMOUTH AND STATE OF NEW JERSEY, AND HAVING A MAILING ADDRESS OF 1979 TOWNSHIP DRIVE, MARLBORO, NEW JERSEY 07746 (THE "TOWNSHIP") AND NEW JERSEY AMERICAN WATER COMPANY, INC., A PUBLIC UTILITY CORPORATION OF THE STATE OF NEW JERSEY WITH ITS PRINCIPAL OFFICE OF 1025 LAUREL OAK ROAD, VOORHEES, NEW JERSEY 08043 (THE "COMPANY")

RECITALS

WHEREAS, the **TOWNSHIP OF MARLBORO** and **NEW JERSEY AMERICAN WATER COMPANY, INC.** entered into an agreement for the supply of water dated February 5, 2008, and executed a "First Amendment" to the agreement dated January 14, 2015 ("**the Agreement**"); and

WHEREAS, under the Agreement, the Township supplies the Company with a contract daily minimum of 250,000 gallons of water per day or .25 million gallons per day; and

WHEREAS, the Termination Date of the Agreement pursuant to Section 2 is ten (10) years following the Water Service Effective Date, which is February 29, 2019; and

WHEREAS, the Company elected not to extend the Agreement beyond the ten (10) years; and

WHEREAS, pursuant to Section 2, the Agreement has continued on a year-to-year basis with either party entitled to terminate upon written notice at least three hundred sixty five (365) days prior; and

WHEREAS, pursuant to Section 2 of the Agreement, the Company has requested termination of the Agreement effective February 29, 2020, and has further requested that upon termination the Company continue to purchase water from March 1, 2020 to December 31, 2020 (hereinafter referred to as the "Tail Period"), in accordance with and at the same rates under the Agreement, the terms of which shall remain in effect during the Tail Period, except that the contract daily minimum be reduced to 125,000 gallons per day or .125 million gallons per day until the end of the Tail Period; and

WHEREAS, the Township acknowledges the Company's request to terminate the Agreement effective February 29, 2020, and is amenable to the proposed reduction in the contract daily minimum during the Tail Period; and

WHEREAS, the parties agree to amend the Agreement to set forth the termination date of the Agreement and to establish the Tail Period and the rates for the Tail Period, pursuant to the terms contained herein.


NOW, THEREFORE, BE IT RESOLVED that the parties agree as follows:

- (1) The recitals set forth above are incorporated herein.
- (2) The Agreement shall terminate effective February 29, 2020.
- (3) During the Tail Period, the Company shall continue purchasing water from the Township subject to the terms of the Agreement, the terms of which shall remain in effect during the Tail Period, except that a contract daily minimum of 125,000 gallons per day or .125 million gallons per day shall apply.
- (4) Except as amended herein, all other provisions of the Agreement shall remain in full force and effect until the end of the Tail Period.

IN WITNESS WHEREOF, the parties have caused the foregoing Agreement to be signed by their proper corporate officers and their proper corporate seals to be affixed the day and year first above written.

ATTEST:

NEW JERSEY AMERICAN WATER
COMPANY, INC.



Stephen R. Bishop, Assistant Secretary

BY:  7/22/19

Thomas Shroba, Vice President - Operations

ATTEST:

TOWNSHIP OF MARLBORO



Township of Marlboro

BY: 

Jonathan L. Hornik, Mayor

First Amendment to
DELAWARE AND RARITAN CANAL - SPRUCE RUN/ROUND VALLEY
WATER SUPPLY SYSTEM
WATER PURCHASE CONTRACT RBS-1B

Between the

NEW JERSEY WATER SUPPLY AUTHORITY

AND THE

NEW JERSEY AMERICAN WATER, INC.
(FORMERLY ELIZABETHTOWN WATER COMPANY, INC.)

Increasing Uninterruptible Service Allocation
from 124.1 MGD to 126.6 MGD

Effective January 1, 2008

This First Amendment to Delaware and Raritan Canal - Spruce Run/Round Valley Water Supply System ("System") Water Purchase Contract dated , 2007 by and between the New Jersey Water Supply Authority (the "Authority") a public body corporate and politic, with corporate succession, with an address of 1851 State Highway 31, Post Office Box 5196, Clinton, New Jersey 08809, and the New Jersey American Water, Inc. (formerly Elizabethtown Water Company, Inc.) ("the Purchaser"), a corporation existing under the laws of the State of New Jersey, having its principal office at 131 Woodcrest Road, Cherry Hill, New Jersey 08034.

WITNESSETH THAT

WHEREAS, the Authority has previously entered into a System Water Purchase Contract, dated as of September 11, 2003 (the "Water Purchase Contract") with the Purchaser for Uninterruptible Service totaling 124.1 MGD; and

WHEREAS, the Purchaser has requested an additional water supply of 2.5 MGD from the System to satisfy a general increase in demand for public community water supply purposes for residents of central New Jersey; and

WHEREAS, the Authority and the Purchaser wish to amend the Water Purchase Contract to increase the Purchaser's amount of Uninterruptible Service to 126.6 MGD effective January 1, 2008; and

WHEREAS, the New Jersey Department of Environmental Protection has advised that this additional allocation is not in conflict with the State Water Supply Master Plan requirements;

NOW, THEREFORE, for and in consideration of the promises and agreements herein set forth, the Authority and the Purchaser, intending to be legally bound hereby, agree as follows:

Amendments to Water Purchase Contract

1. Section 2, Water Services to be Provided paragraphs A. and B. of the Water Purchase Contract are hereby amended by striking said paragraphs A. and B. of Section 2 and substituting the following therefore:

A. "The Authority shall supply and make available for delivery to the Purchaser, on and after January 1, 2008, and the Purchaser shall be entitled to utilize, the following water services, all subject to the other terms and conditions of this Contract and the System Rules and Regulations:

(i) (a) Uninterruptible Service of 126.6 MGD, which number of MGD is the maximum amount of Uninterruptible Service permitted to be withdrawn by the Purchaser in any twenty-four (24) hour period, subject to the provisions of Section 2(B). In addition to the 126.6 MGD of water covered by this amended Water Purchase Contract, the Purchaser may withdraw, without charge, a maximum of 2.910 MGD at its Raritan-Millstone Plant, said amount constituting a legislative grant (Special Charter No. A335, 1881) to the Somerville Water Company, said company having been subsequently acquired by the Purchaser;

B. Purchaser shall not withdraw water, in the aggregate for all Uninterruptible Service provided hereunder, at rates greater than an average of 126.6 million gallons in any twenty-four (24) hour period; 4,162 million gallons per month, which per minute, daily and monthly amounts shall be appropriately adjusted to reflect fluctuations in water use; and an average of forty-six thousand, two-hundred and nine (46,209) million gallons in any year from January 1, 2008 through November 30, 2023. The Purchaser shall immediately notify the Authority of any such withdrawals in excess of said amount.

2. Section 4, Payment for Water Services paragraph H Retroactive Debt Service Payment of the Water Purchase Contract is hereby amended by striking paragraph H. (i)-(iii) of Section 4 and substituting the following therefore:"

H. The Purchaser agrees to pay to the Authority the following additional amounts:

(i) An amount equal one million four hundred eighty two thousand nine hundred sixty seven dollars and ninety three cents (\$1,482,967.93), which sum represents the remaining retroactive payment of a full proportionate share, net of credit to self, of the total annual payments of Debt Service for the 1958, 1969, and 1981 bonds made payable to the Authority by other purchasers of water from the System during the period from July 1, 1983 through December 31, 2003, for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Said remaining payments are to be made on the first day of each month in 191 equal monthly installments of \$7,764.23 for usage commencing January 1, 2008 and continuing through November 30, 2023; plus an amount equal to two hundred forty three thousand eight hundred forty dollars and fifteen cents (\$243,840.15), which sum represents the retroactive payment of a full proportionate share, net of credit to self, of the total annual payments of Debt Service for the 1958, 1969, and 1981 bonds made payable to the Authority by other purchasers of water from the System during the period from July 1, 1983 through December 31, 2006, for that certain 2.5 MGD of water contracted for purchase by the Purchaser commencing on January 1, 2008. Said payments are to be made on the first day of each month in 191 equal monthly installments of \$1,276.65 for water usage commencing January 1, 2008 and continuing through November 30, 2023; and

(ii) An amount equal to eight hundred seventy thousand three hundred ninety four dollars and sixty four cents (\$870,394.64), which sum represents the retroactive payment of a full proportionate share, net of credit to self, of the total payment of Debt Service for the 1988 Water System Revenue Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1989 through June 30, 1998 for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Said remaining payments are to be made on the first day of each month in 191 equal monthly installments of \$4,557.04 for usage commencing

January 1, 2008 and continuing through November 30, 2023; plus an amount equal to one hundred twenty four thousand thirty seven dollars and thirty one cents (\$124,037.31), which sum represents the retroactive payment of a full proportionate share, net of credit to self, of the total payment of Debt Service for the 1988 Water System Revenue Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1989 through June 30, 1998 for that certain 2.5 MGD of water purchased by the Purchaser commencing on January 1, 2008. Said payments are to be made on the first day of each month in 191 equal monthly installments of \$649.41 for usage commencing January 1, 2008 and continuing through November 30, 2023; and

(iii) An amount equal to three hundred sixty seven thousand seven hundred five dollars and fifty six cents (\$367,705.56), which sum represents the remaining retroactive payment of a full proportionate share, net of credit to self, of the total annual payments of Debt Service for the 1998 Water Surplus Revenue Funding Bonds made to the Authority by other purchasers of water from the System during the period of July 1, 1999 through December 31, 2003 for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Said remaining payments are to be made on the first day of each month following in 191 equal monthly installments of \$1,925.16 for usage commencing January 1, 2008 and continuing through November 30, 2023; plus an amount equal to ninety nine thousand one hundred seventy one dollars and two cents (\$99,171.02), which sum represents the retroactive payment of a full proportionate share, net of credit to self, of the total annual payments of Debt Service for the 1998 Water Surplus Revenue Funding Bonds made to the Authority by other purchasers of water from the System during the period of July 1, 1999 through December 31, 2007 for that certain 2.5 MGD of water purchased by the Purchaser commencing on January 1, 2008. Said payments are to be made on the first day of each month following in 191 equal monthly installments of \$519.22 for usage commencing January 1, 2008 and continuing through November 30, 2023.

In all other respects the Water Purchase Contract dated September 11, 2003 between the Purchaser and the Authority shall continue in full force and effect.

IN WITNESS WHEREOF, the Authority and the Purchaser have caused this First Amendment to the Water Purchase Contract to be duly executed as of this day of 3/3/08, 2007.

(Authority Seal)

ATTEST: NEW JERSEY WATER SUPPLY AUTHORITY

Josanna K. Stem

By: [Signature]
Henry S Patterson III
Executive Director

(Purchaser Seal)

ATTEST: NEW JERSEY AMERICAN WATER COMPANY, INC.

[Signature]
Secretary
Jordan S. Mersky
Assistant Secretary

By: [Signature]
Authorized Officer
John Bigelow, President

Reviewed and Approved As to Form Only:

Anne Milgram
Attorney General for New Jersey

By: [Signature]
Helene P. Chudzik
Deputy Attorney General

WATER PURCHASE CONTRACT RBS-1B

THIS WATER PURCHASE CONTRACT is made this 11th day of September , 2003 by and between the New Jersey Water Supply Authority (the "Authority"), an instrumentality of the State of New Jersey created pursuant to the provisions of the New Jersey Water Supply Authority Act, P.L. 1981, C. 293, as amended, N.J.S.A. 1B §58:1B-1 et seq. and Elizabethtown Water Company ("Elizabethtown"), a corporation existing under the laws of the State of New Jersey (also referred to herein as "the Purchaser").

BACKGROUND

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

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

The Authority contemplates from time to time, undertaking various improvements to the System and in connection therewith, expects to adopt a Resolution which will authorize, inter alia, the

issuance of Bonds for the purpose of making funds available to finance various projects for the System. Pursuant to a Bond Resolution, certain of the revenues received by the Authority from System Water Purchasers will be pledged by the Authority to pay the principal of and interest on Bonds.

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

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

SECTION 1. Definitions.

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

"Annual Budget" means the annual budget of the Authority relating to the System (which shall include all costs, obligations and expenses properly allocable to the System in accordance with

generally accepted accounting principles and cost allocation principles), as amended or supplemented, adopted or in effect for a particular Fiscal Year.

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

access to the System and any other charges imposed on the Purchaser by this Contract.

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

"Annual Requirements" means the aggregate amount required during each Annual Payment Period to pay, or make provision for, all (i) Operation and Maintenance Expenses; (ii) Debt Service; and (iii) other requirements of the System required to be paid as is set forth in the Resolution, or in any Rate Schedule, or in any documents relating to Other Indebtedness, including but not limited to amounts required to meet the rate covenant set forth in Section 713 of the Resolution; provided, however, that the amount to be included for Debt Service in each Annual Payment Period shall be that amount accruing in the Bond Year or Bond Years, or corresponding portion thereof, commencing during the Fiscal Year within which such Annual Payment Period or portion thereof falls.

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

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

"Authorized Officer" means the Chairman, Vice Chairman,

Treasurer, Secretary or Executive Director of the Authority or any person or persons designated by the Authority to act on behalf of the Authority.

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

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

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

Indebtedness and interest thereon.

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

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

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

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

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

"Fiscal Year" means the twelve-month period commencing on July

1 of each year and continuing through the following June 30.

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

"GPM" means gallons of water per minute.

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

"Liquidity Facility" means an irrevocable letter of credit or other irrevocable Credit Facility issued by a financial institution or insurance company, which letter of credit or Credit Facility is

payable on demand in the event the terms under which such letter of credit or Credit Facility was issued require payment thereunder.

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

"MG" means million gallons of water.

"MGD" means million gallons of water per day.

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

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

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

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

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

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

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

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

fiduciaries and others in connection with any such Credit Facility, Liquidity Facility, Reserve Account Credit Facility, Bonds or Other Indebtedness; provided, however, that none of the foregoing shall be considered as Operation and Maintenance Expenses to the extent required to be capitalized under the Supplemental Resolution authorizing such Bonds or the documents authorizing such Other Indebtedness or paid out of the proceeds of such Bonds or Other Indebtedness;

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

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

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

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

"Other Indebtedness" means all bonds, other than the Bonds or

other obligations issued pursuant to the Resolution, notes or other evidences of indebtedness issued by the Authority, and Outstanding, including financing agreements and arrangements with the State, to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System; provided, however, that Other Indebtedness shall not include obligations for supplies and services which are to be paid by the Authority out of current revenues, or obligations under leases which are not required to be capitalized under generally accepted accounting principles.

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

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

"Peaking Factor" means (i) the percentage equivalent of that volume of Overdraft Service available from the System for a given period in excess of Uninterruptible Service, which a customer may divert without charge or (ii) such other definition as is set forth in the Rate Schedule.

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

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

"Projected Annual Requirements" means the aggregate amount projected by the Authority in its Annual Budget, as from time to

time amended, to be required during each Annual Payment Period to pay all Annual Requirements.

"Prudent Water Supply Practices" means, as of any particular time, any practices, methods and acts engaged in or approved by a significant portion of the water supply industry operating in areas having comparable characteristics to those of the System, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Prudent Water Supply Practices are not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather are intended to be a spectrum of possible practices, methods or acts expected to accomplish the desired results.

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

"Purchaser's Interconnection System" means the buildings, structures, piping, valves, meters and other control apparatus and equipment, installed or to be installed by or on behalf of, and owned and/or used by, the Purchaser (i) to connect Purchaser's system with the System at the Point of Delivery and to withdraw,

measure, control and monitor the flow and quality of the water that the Purchaser withdraws from the System, and (ii) to transport such water to the Purchaser's system.

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

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

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

- (i) the Projected Annual Requirements for such Fiscal Year;
- (ii) multiplied by the production factor for the diversion;
- (iii) divided by the lesser of: (a) the annualized amount of MGD of water from the System during such Fiscal Year which the

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

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

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

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

charge for such month shall be credited), for water actually consumed in any month, at the rate per MG established by the Rate Schedule for Uninterruptible Service.

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

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

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

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

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

"Short-term Service" means (i) the supply of water from the System, to the extent from time to time available, in excess of aggregate Uninterruptible Service, for certain interim, interruptible, non-guaranteed or short-term uses, such as growing agricultural or horticultural products, meeting extraordinary

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

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

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

"State" means the State of New Jersey.

"Supplemental Resolution" means any resolution enacted by

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

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

"System Rules and Regulations" means the Rules for the Use of Water from the Delaware and Raritan Canal and Spruce Run/Round Valley Reservoirs System, adopted on April 24, 1987 and effective on May 18, 1987 and presently set forth in Section 7:11-

3.1 et. seq. of the New Jersey Administrative Code, and any amendments from time to time hereafter made thereto.

"System Water Purchaser" means any party to a Water Purchase Contract with the Authority.

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

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

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

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

Except where the context otherwise requires, words

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

SECTION 2. Water Service To Be Provided

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

(i)(a) Uninterruptible Service in the amount of 124.1 MGD, which is the average amount of Uninterruptible Service permitted to be withdrawn by the Purchaser subject to the provisions of Section 2(B); In addition to the 124.1 mgd of water covered by this Water Purchase Contract, the Purchaser may withdraw, without charge, a maximum of 2.910 mgd at its Raritan-Millstone Plant, said amount constituting a legislative grant (Special Charter No. A335, 1881) to the Somerville Water Company, said company having been subsequently acquired by the Purchaser;

(b) Overdraft Service of that number of MGD

necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service; and

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

B. Purchaser shall not withdraw water, in the aggregate for all Uninterruptible Service provided hereunder, at rates greater than an average of 124.1 million gallons in any twenty-four (24) hour period; 3,775 million gallons per month, which per minute, daily and monthly amounts shall be appropriately adjusted to reflect fluctuations in water use; and an average of forty-five thousand, two-hundred and ninety-six (45,296) million gallons in any year from January 1, 2004 through November 30, 2023. The Purchaser shall immediately notify the Authority of any such withdrawals in excess of said amount.

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

emergency for more than a seven-day period, the Authority shall consult with and give appropriate effect to the recommendations, if any, of the Department.

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

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

SECTION 3. System Water Quality.

A. The water to be supplied by the Authority hereunder

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

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

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

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

SECTION 4. Payment for Water Services

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

B. Purchaser agrees to pay Seller a rate equal to one-hundred percent of the total rate set forth in such Rate Schedule

for Uninterruptible Service (see Section 2(A)(i)(a)) as illustrated in the following formula: Uninterruptible Service * # of days in the month * rate;

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

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

E. Uninterruptible Service. Purchaser agrees to make Monthly Water Payments for Uninterruptible Water Services no later than thirty (30) days from the date of each billing by the

Authority to the Purchaser. Except as hereinafter provided, payments for Uninterruptible Service shall be equal, whether or not the Purchaser actually withdraws the full amount of water available to it as Uninterruptible Service; provided, however, that the Purchaser shall not be required to make payment for water that the Authority does not make available to the Purchaser except where such non-provision of water is as a result of an Event of Default. The Authority shall notify the purchaser not later than thirty days prior to the beginning of each Annual Payment Period of the amount of the Purchaser's Annual Payment for Uninterruptible Service and the amounts of the Monthly Water Payments.

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

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

H. Retroactive Debt Service Payment. The Purchaser

agrees to pay to the Authority the following additional amounts:

I. An amount equal to five million, nine hundred and forty-six thousand, four hundred and thirty-four dollars and eighty-eight cents (\$5,946,434.88), which sum represents the retroactive payment of a full proportionate share of the total annual payments of Debt Service for the 1958, 1969, and 1981 bonds made to the Authority by other purchasers of water from the System during the periods from July 1, 1983 through June 30, 1988 (1958 bonds), from July 1, 1983 through June 30, 2002 (1969 bonds) and from July 1, 1983 through December 31, 2003 (1981 bonds), for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of four million, ninety thousand, seven hundred and eighty-three dollars and seventy-nine cents (\$4,090,783.79), representing the total retroactive debt paid by Purchaser associated with 20.1 mgd of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1958, 1969, and 1981 bonds shall be one million, eight hundred and fifty-five thousand, six hundred and fifty-one dollars, and nine cents (\$1,855,651.09). Said payment is to be made on the first day of each month in 238 equal monthly installments of seven thousand, seven hundred and sixty-four dollars, and twenty-three cents

(\$7,764.23) commencing March 1, 2004 and continuing through December 1, 2023 and one final payment of seven thousand, seven hundred and sixty-four dollars, and thirty-five cents (\$7,764.35) payable on January 1, 2024; and

ii. An amount equal to three million, four hundred and twelve thousand, nine hundred and eighty-two dollars and thirty-one cents (\$3,412,982.31), which sum represents the retroactive payment of a full proportionate share of the total annual Debt Service payments for the 1988 Water System Revenue Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1989 through June 30, 1998 for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of two million, three hundred and twenty-three thousand, eight hundred and forty-eight dollars, and ninety-seven cents (\$2,323,848.97), representing the total retroactive debt paid by Purchaser associated with 20.1 MGD of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1988 bond issue shall be one million, eighty-nine thousand, one hundred and thirty-three dollars and thirty-four cents. (\$1,089,133.34). Said payments are to be made on the first day of each month in 238 equal monthly installments of four

thousand, five hundred and fifty-seven dollars and four cents (\$4,557.04) commencing March 1, 2004 and continuing through December 1, 2023, and one final payment of four thousand, five hundred and fifty-seven dollars and seventy-five cents (\$4,557.82) payable on January 1, 2024; and

iii. An amount equal to one million, four hundred and forty-one thousand, eight hundred and forty-two dollars and eighty-three cents (\$1,441,842.83), which sum represents the retroactive payment of a full proportionate share of the total annual payments of Debt Service for the 1998 Water Surplus Revenue Refunding Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1999 through December 31, 2003 for that certain 20.1 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of nine hundred and eighty-one thousand, seven hundred and twenty-nine dollars and thirty-seven cents (\$981,729.37), representing the total retroactive debt paid by Purchaser associated with 20.1 MGD of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1998 bond issue shall be four hundred and sixty thousand, one hundred and thirteen dollars and forty-six cents (\$460,113.46). Said payments are to be made on the first day of

each month in 238 equal monthly installments of one thousand, nine hundred and twenty-five dollars and sixteen cents (\$1,925.16) commencing March 1, 2004 and continuing through December 1, 2023, and one final payment of one thousand, nine hundred and twenty-eight dollars and thirty-eight cents (\$1,928.38) payable on January 1, 2024.

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

K. Absolute Obligation. Purchaser's obligations hereunder to pay for water in the manner set forth in this Contract shall be absolute and unconditional, and shall not be affected by any failure by the Authority to perform its obligations hereunder, other than a failure by the Authority to supply water constituting Uninterruptible Service (in which event, as herein provided, Purchaser shall be unconditionally obligated to pay for the water

available for taking), except as a result of an Event of Default, or be subject to any other defense or to any reduction, whether by offset, counterclaim or otherwise, except for any reductions or credits provided for herein, in the Rate Schedule or in the System Rules and Regulations.

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

M. Rate Adjustments and Procedures. The Authority reserves the right from time to time to adopt adjustments to the Rate Schedule and to the System Rules and Regulations in accordance with applicable laws and regulations. If as a result of any such adjustments the payments for service hereunder are adjusted by the Authority, the Authority shall notify the Purchaser of the adjustments and of any revised schedule of Monthly Water Payments required to reflect such adjustments and the same shall, without

any further act of the Authority or the Purchaser, constitute an amendment to this Contract.

SECTION 5. Delivery and Withdrawal of Water.

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

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

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

D. The Authority or its designated representatives shall have the right at any time to examine Purchaser's Interconnection

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

E. The Purchaser shall purchase or construct, install, operate, maintain and repair, as a part of Purchaser's Interconnection System, at its sole cost and expense and in a manner which the Authority determines to be in accordance with Prudent Water Supply Practices, automated flow meters at the point(s) of diversion that electronically transmit daily diversionary flow information to the Seller, of the type and at location(s) approved by the Authority. The Purchaser shall have

such flow meters tested for accuracy at its own sole cost and expense by a testing firm approved by the Authority (i) at least once during each Fiscal Year; (ii) following meter repairs; and (iii) at such other times as the Authority may reasonably request.

Each test shall be evidenced by a certified report, which Purchaser will cause such testing firm to furnish to the Authority.

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

G. The Purchaser agrees to indemnify, defend and hold harmless the Authority from and against all claims, damages or losses suffered, sustained or required to be paid by the Authority, arising from any act or omission of the Purchaser, its officers,

agents, representatives or employees, in connection with Purchaser's Interconnection System, the operation thereof, or any activities carried out by the Purchaser, its officers, employees, agents or representatives, on the premises of, or with respect to, the System, or with respect to any of the services which are the subject of this Contract.

H. The Authority, to the fullest extent permitted by the New Jersey Tort Claims Act, shall be responsible and shall at its own expense, defend itself against any and all suits, claims, losses, demands or damages of whatsoever kind or nature, arising out of or in connection with any act or omission of the Authority, its employees, agents or contractors, in performance of the obligations assumed by the Authority pursuant to this Agreement. The Authority hereby releases the Purchaser from any and all liabilities, claims, losses, costs, expenses and demands of any kind or nature whatsoever, arising under the state or federal law, solely out of or in connection with the Authority's performance of the obligations assumed by the Authority pursuant to this Agreement.

I. In the event that any of the flow meters required to be maintained by the Purchaser shall fail to properly operate, the Authority may make necessary estimates of or adjustments in accordance with the System Rules and Regulations, to the amounts of water withdrawn by the Purchaser and to be charged by the Authority to the Purchaser for any period during which such failure exists and continues. The Purchaser agrees that at the request of the Authority it will repair or replace such meters, at its sole cost

and expense. If the Purchaser fails to repair or replace the meters within 60 days following notice from the Authority, the Authority, may suspend the withdrawal of water by the Purchaser until such time as the meter is repaired or replaced; provided, however, that the Purchaser shall be required to continue to honor its payment obligations for water pursuant to this Contract during the period of such suspension, as if such suspension had not occurred.

SECTION 6. Force Majeure.

If by reason of Force Majeure either the Authority or Purchaser shall be rendered unable to satisfy its obligations under this Contract, in whole or in part, and shall give notice and all of the particulars of such Force Majeure in writing to the other such party hereto within a reasonable time after the occurrence of the event or cause relied on, then the obligation of the party giving such notice, to the extent affected by such Force Majeure, shall be suspended during the continuance of such inability; provided, however, that the existence of Force Majeure shall in no event affect the obligation of the Purchaser to make the Monthly Water Payments and other payments required under this Contract, but if less than the amount of water required to be supplied hereunder

is supplied or available for supply, nothing in this Section 6 shall require the Purchaser to make payment for water other than in an amount equal to the greater of (i) the water actually supplied or (ii) the water available for supply by the Authority. Either party so affected shall use its best efforts to remove or overcome such Force Majeure as quickly as is practicable.

SECTION 7. Term of Contract.

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

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

C. If the Purchaser has not submitted a notification of intent to renew as provided in Section 7B hereof, the Authority shall notify the Purchaser of the expiration date of the Contract. If, after such notification by the Authority, the Purchaser continues withdrawal of water, the charge for such withdrawal shall

be twice the rate per million gallons as is specified in the Rate Schedule then in effect.

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

SECTION 8. Insurance

A. Authority Insurance. The Authority shall use reasonable commercial efforts to purchase and carry fire, casualty, public liability and other insurance on the System, or to otherwise establish and fund its own self-insurance program or participate in any State-administered pooled risk or self-insurance program, for

purposes and in amounts which ordinarily would be carried or funded by a person or entity owing and maintaining facilities similar to the System.

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

be payable directly to the Authority to the extent of the Purchaser's obligations to purchase water hereunder.

SECTION 9. Covenants, Representations, and Warrants

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

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

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

D. The Authority shall exercise reasonable efforts to

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

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

F. The Purchaser covenants to (i) maintain in good operating order and repair the Purchaser's Interconnection System; (ii) charge and collect taxes, fees and other charges to its residents and customers which, from time to time together with

other funds available to the Purchaser, are reasonably estimated to be required by the Purchaser to make the payments to the Authority which are required pursuant to this Contract.

SECTION 10. Events of Default.

Any of the following shall constitute an Event of Default:

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

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

actions:

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

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

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

(d) terminate this contract.

SECTION 11. Payments and Notice.

Unless otherwise provided herein, any payment, notice, communication, request, reply or advice herein provided or permitted to be given, made or accepted by the Authority or the Purchaser to each other shall be given or be served either by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an

officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be so notified. For the purposes of notice, the addresses of the Authority and Purchaser shall, until changed as hereinafter provided, be as follows:

If to the Authority:

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

Attention: Executive Director

If to the Purchaser:

Elizabethtown Water Company
600 South Avenue
Westfield, NJ 07090

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

SECTION 12. Severability.

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

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

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

SECTION 14. Calculations of the Authority.

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

manifest error by the Authority.

SECTION 15. Termination of Existing Contract.

Except (i) for amounts which may presently be due pursuant to the terms thereof and (ii) as is specifically set forth in this Section 15, this Contract supercedes the Existing Contracts being specifically DR-39, RB-1, RB-1B, RB-3, RBS-1, and RBS-1A which are deemed by the parties hereto to be terminated.

SECTION 16. Binding Effect.

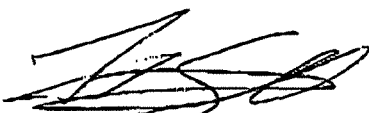
This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement, which shall be governed by and construed in accordance with the laws of the State. Neither party hereto may assign its rights or obligations hereunder without the consent of the other party.


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

(Authority Seal)

ATTEST:

NEW JERSEY WATER SUPPLY AUTHORITY

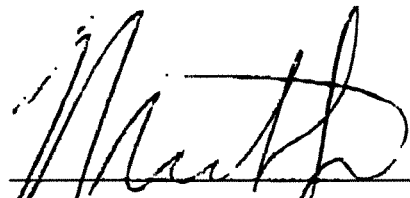

FRANK SCANGARELLA
BUSINESS MANAGER

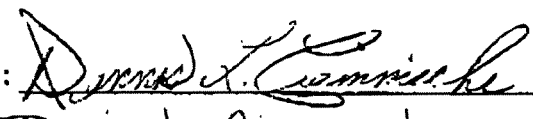
By: 
Henry S. Patterson III
Executive Director

(Purchaser Seal)

ATTEST:

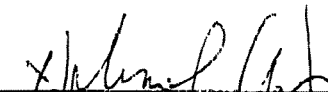
ELIZABETHTOWN WATER COMPANY


MICHAEL SEID
VICE PRESIDENT & SECRETARY

By: 
Dennis L. Ciemiecki
Executive Vice President &
Chief Operating Officer

Reviewed and Approved As to Form Only:

Peter C. Harvey
Attorney General for New Jersey

By: 
Helene P. Chudzik
Deputy Attorney General

WATER PURCHASE CONTRACT RBS-9C

THIS WATER PURCHASE CONTRACT is made this day of 11/29/2021
 , 2021 by and between the New Jersey Water Supply Authority (the
"Authority"), an instrumentality of the State of New Jersey created pursuant to the provisions of
the New Jersey Water Supply Authority Act, P.L. 1981, C. 293, as amended, N.J.S.A. 58:1B-1 et
seq. and New Jersey American ("Purchaser").

BACKGROUND

The parties hereto are entering into this Contract to provide for the sale to and purchase
of water by the Purchaser consistent with the Purchaser's projected needs.

WHEREAS, the Raritan River Basin located in Central New Jersey in Hunterdon,
Mercer, Middlesex, Monmouth, Morris, Somerset and Union Counties, has an area of
approximately 1,100 square miles, and consists of a collection of numerous watersheds; and

WHEREAS, pursuant to the State's long-range water conservation and development
program authorized by the 1958 Water Supply Law, N.J.S.A. 58:22-1 et seq., the Spruce Run
and Round Valley Reservoirs System was constructed to, among other things, augment stream
flows in the Raritan Basin during periods of low natural runoff, deliver 176 million gallons of
water per day (MGD) for consumptive use at Bound Brook based on the drought of record, and
maintain a minimum passing flow of 90 MGD at Bound Brook; and

WHEREAS, the Delaware and Raritan Canal serves as a supply of potable water,
delivering 65 MGD for consumptive use at Port Mercer based on the drought of record; and

WHEREAS, together the Raritan River Basin and the Delaware and Raritan Canal
comprise the Raritan Basin System (System) for a combined safe yield of 241 MGD; and

WHEREAS, the Authority is responsible for ensuring that consumptive and depletive uses of water from the System comply with System minimum dependable or safe yield; and

WHEREAS, withdrawals of water from the System shall only be in accordance with the terms of formal agreements between the Authority and System water purchasers; and

WHEREAS, depletive and consumptive uses of water throughout the System reduce the water supply available for consumptive use at Bound Brook; and

WHEREAS, the Authority and Purchaser previously entered into Contract RBS-9B which provided for public water supply purposes in portions of Roxbury Township; and

WHEREAS, a condition of Purchaser's Water Allocation Permit Number WAP130001 effective January 1, 2014, issued by the New Jersey Department of Environmental Protection, Bureau of Water Allocation, requires the Purchaser to contractually secure the water supply from the Authority, which condition was satisfied by Contract RBS-9B; and

WHEREAS, Contract RBS-9B will expire on September 30, 2021; and

WHEREAS, Purchaser has applied to the Authority for renewal of its existing supply provided from five existing and one new well in Roxbury Township, Morris County within the Delaware and Raritan Watershed Basin; and

WHEREAS, the Bureau of Water Allocation confirmed that the Purchaser's Water Allocation Permit is scheduled for April 1, 2022 renewal with no requested change to the terms and conditions contained in the January 1, 2014 Permit; and

WHEREAS, the Bureau of Water Allocation's deadline to take action on Purchaser's water allocation permit renewal application is December 2022, while the January 1, 2014 Permit is still in effect.

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

SECTION 1. Definitions.

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

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

"Annual Overdraft Rate" means the rate for a System water user's average daily diversion for any calendar year in excess of the System water user's daily uninterruptible service, determined and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.18: rate* one-hundred and fifteen percent of the average million gallons diverted each day during the calendar year or fraction thereof.

"Annual Payment" means the aggregate amount projected by the Authority to be payable to the Authority by the Purchaser for Uninterruptible Service during each Annual Payment Period, which Annual Payment shall be determined by (a) multiplying the applicable rates and charges for Uninterruptible Service set forth in the Rate Schedule in effect during the relevant Annual Payment Period by the number of MG of water contracted for by the Purchaser for Uninterruptible Service on an annual basis as set forth in this Contract, subject to adjustment to reflect any special allocations, charges, credits or adjustments provided for pursuant to the provisions of this Contract or any Rate Schedule, which may include but not be limited to: (i)

adjustments based upon the water being derived from the System within the Delaware River Basin; (ii) debt service allocated specifically to those customers of the Authority who benefit from the debt to which such debt service relates; and (iii) for withdrawals within the Raritan Basin, an evaluation of the equivalent sustained supply and the application of an appropriate production factor, all as contemplated by and/or set forth in the Rate Schedule and (b) adding thereto any charges for access to the System and any other charges imposed on the Purchaser by this Contract.

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

"Annual Requirements" means the aggregate amount required during each Annual Payment Period to pay, or make provision for, all (i) Operation and Maintenance Expenses; (ii) Debt Service; and (iii) other requirements of the System required to be paid as is set forth in the Resolution, or in any Rate Schedule, or in any documents relating to Other Indebtedness, including but not limited to amounts required to meet the rate covenant set forth in Section 713 of the Resolution; provided, however, that the amount to be included for Debt Service in each Annual Payment Period shall be that amount accruing in the Bond Year or Bond Years, or corresponding portion thereof, commencing during the Fiscal Year within which such Annual Payment Period or portion thereof falls.

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

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

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

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

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

"Contract" means this Water Purchase Contract.

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

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

accruing during such period on such Other Indebtedness and (ii) that portion of the principal accruing on such Other Indebtedness during such period, all as is set forth in the documents relating to the issuance of such Other Indebtedness.

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

"Division" means the Division of Water Resources in the Department.

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

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

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

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

"GPM" means gallons of water per minute.

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

"Interconnection System" means a water supply connection with another water supply system or systems.

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

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

"MG" means million gallons of water.

"MGD" means million gallons of water per day.

"Minimum Dependable or Safe Yield" means that amount of water, from time to time determined by the Authority in accordance with applicable laws or regulations and presently estimated to be 241 MGD, which the System is capable of supplying continuously throughout a repetition of the most severe drought of record.

"Monthly Overdraft Rate" means the rate for overdraft service determined and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.17: rate* one-hundred and twenty percent of the average million gallons diverted each day during the calendar month or fraction thereof.

"Monthly Water Payments" means either (i) the amount obtained by dividing the amount of the Annual Payment for any Fiscal Year by twelve or (ii) such other or different required

monthly payments for which the Authority gives notice to the Purchaser pursuant to Sections 4B, or 4E hereof.

"Operation and Maintenance Expenses" for any period means the amount (as set forth in the Annual Budget of the Authority, as from time to time amended) of all current costs, obligations and expenses of, or arising in connection with, the (i) operation, maintenance and administration of the System, and minor additions or improvements thereof or thereto, or (ii) performance of any Water Purchase Contract, including, but not limited to, the items set forth hereinbelow and items set forth in the Resolution as Operation and Maintenance Expenses, in each case, to the extent properly allocable to the System and, as applicable, determined on the cash basis of accounting and/or in accordance with generally accepted accounting and cost allocation principles, (iii) 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; (iv) all taxes and payments in lieu of taxes; (v) all costs of insurance for the System, including any forms of self insurance (or self insurance reserves) maintained by the Authority, and payment of all claims not covered by the Authority's insurance; (vi) all fees and expenses incurred in connection with any Credit Facility, Liquidity Facility, Reserve Account Credit Facility, the issuance of any Bonds or the issuance of any Other Indebtedness, and all fees and expenses of counsel, fiduciaries and others in connection with any such Credit Facility, Liquidity Facility, Reserve Account Credit Facility, Bonds or Other Indebtedness; provided, however, that none of the foregoing shall be considered as Operation and Maintenance Expenses to the extent required to be capitalized under

the Supplemental Resolution authorizing such Bonds or the documents authorizing such Other Indebtedness or paid out of the proceeds of such Bonds or Other Indebtedness; (vii) all amounts required, pursuant to applicable law, to be deposited into the Rebate Fund; (viii) all amounts required to be deposited, in accordance with the Resolution, into any reserve fund established for Operation and Maintenance Expenses; and (ix) allowance for depreciation with respect to equipment and property having a depreciable life of greater than three (3) years but less than ten (10) years; and (x) any other costs, expenses or obligations required to be paid by the Authority under the provisions of any Water Purchase Contract, contract relating to the System, any agreement or instrument relating to the Bonds or Other Indebtedness or by law.

"Other Indebtedness" means all bonds, other than the Bonds or other obligations issued pursuant to the Resolution, notes or other evidences of indebtedness issued by the Authority, and Outstanding, including financing agreements and arrangements with the State, to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System; provided, however, that Other Indebtedness shall not include obligations for supplies and services which are to be paid by the Authority out of current revenues, or obligations under leases which are not required to be capitalized under generally accepted accounting principles.

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

Other Indebtedness theretofore or thereupon being authenticated and delivered pursuant to any documents relating to the issuance thereof except to the extent that any particular Other Indebtedness is not deemed to be outstanding as specifically provided therein.

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

“Overdraft Service Rate” means the rate for overdraft service determined and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.17: rate * one-hundred and twenty percent of the average million gallons diverted each day during the calendar month or fraction thereof.

“Peaking Factor” means (i) the percentage equivalent of that volume of Overdraft Service available from the System for a given period in excess of Uninterruptible Service, which a customer may divert without charge or (ii) such other definition as is set forth in the Rate Schedule.

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

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

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

"Prudent Water Supply Practices" means, as of any particular time, any practices, methods and acts engaged in or approved by a significant portion of the water supply industry operating in areas having comparable characteristics to those of the System, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Prudent Water Supply Practices are not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather are intended to be a spectrum of possible practices, methods or acts expected to accomplish the desired results.

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

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

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

"Rate Schedule" means the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System" promulgated from time to time by the Authority and set forth in the New Jersey Administrative Code 7:11-2, all in accordance with applicable laws and regulations, as the same may from time to time be amended, and in accordance with the provisions of the System Rules and Regulations, which Rate Schedule establishes the rates, charges and debt service assessments by the Authority for water derived from the System in accordance with the following:

(a) Uninterruptible Service. The Rates per MG set forth in such Rate Schedule for Uninterruptible Service shall be established for each Annual Payment Period on the basis of: (i) the Projected Annual Requirements for such Fiscal Year; (ii) multiplied by the production factor for the diversion; (iii) divided by the lesser of: (a) the annualized amount of MGD of water from the System during such Fiscal Year which the Authority determines is available for Uninterruptible Service and for Standby Service or (b) the annualized amount of MGD of water from the System which is required to be provided by the Authority by the terms of all Water Supply Contracts for Uninterruptible Service and for Standby Service in effect during such Fiscal Year, in each case, times 365; provided, however, that the Authority may exclude for any period, for purposes of computation hereunder, the Uninterruptible Service and Standby Service under any Water Purchase Contract where an Event of Default has occurred and is continuing.

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

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

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

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

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

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

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

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

"Short-term Service" means (i) the supply of water from the System, to the extent from time to time available, in excess of aggregate Uninterruptible Service, for certain interim, interruptible, non-guaranteed or short-term uses, such as growing agricultural or horticultural

products or meeting extraordinary requirements in consumer demand for potable or industrial water, which a System Water Purchaser is authorized to withdraw pursuant to a Contract or (ii) such other definition as is set forth in the Rate Schedule.

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

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

"State" means the State of New Jersey.

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

"System" means the water supply system operated by the Authority known as the Raritan Basin System, and any expansion thereof, the major components of which presently consist of the Delaware and Raritan Canal water supply transmission facility, the Spruce Run and Round Valley Reservoirs and an interconnecting pumping station located where the Raritan and Millstone Rivers meet adjacent to the Delaware and Raritan Canal, together with all component plants, structures and other real or personal property, and additions and improvements thereto,

necessary or useful and convenient for the accumulation, supply or transmission of water including but not limited to: reservoir facilities, settling and sediment storage basins, dams, dikes, intake and reservoir pipelines, force mains, pump stations and intake structures.

"System Rules and Regulations" means the Rules for the Use of Water from the Raritan Basin System presently set forth in New Jersey Administrative Code, 7:11-3.1 to 3.28, and any amendments from time to time hereafter made thereto.

"System Water Purchaser" means any party to a Water Purchase Contract with the Authority.

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

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

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

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

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies. Any capitalized term used herein and

not otherwise defined shall have the meaning set forth in the Resolution.

SECTION 2. Water Service To Be Provided

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

(i) Uninterruptible Service in the amount of 0.274 MGD of which 0.041 MGD shall be deemed consumptive. This Uninterruptible Service is subject to the provisions of (a) any supplemental agreement which may be entered into with respect to Uninterruptible Service and which shall be supplemental hereto and incorporated herein; and (b) except as otherwise limited by Section 2B hereof. Purchaser's annual diversion shall not exceed 100 million gallons per year (MGY) of which 15 MGY is deemed consumptive or an average daily diversion of .041 MGD for public community supply purposes. The impact of this supply on System safe yield is the consumptive portion of the total allocation, or 15 MGY and .041 MGD;

(ii) Overdraft Service of that number of MGD necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service; and

(iii) The Purchaser may withdraw water with respect to Standby Service without prior notification to the Authority. Subsequent thereto, the Purchaser shall immediately notify the Authority of any such withdrawals.

B. Purchaser shall not, without the prior written consent of the Authority, withdraw water, in the aggregate for all services provided hereunder, at rates greater than 750 GPM or 493,000 gallons in any twenty-four (24) hour period, for public water supply purposes

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

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

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

SECTION 3. System Water Quality.

A. The water to be supplied by the Authority hereunder shall be raw, untreated water which the Authority shall supply to all System Water Purchasers without distinction as to source or quality variations of the water supplied and subject to the hazards inherent in natural streams. THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY OF ANY WATER SUPPLIED OR THE CONDITION OF THE SYSTEM, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

B. (1) In the event of contaminant discharges, spills or runoff to the Authority's water supplies which constitute an emergency and require immediate action to maintain the supply of water from the System, the Authority will take immediate corrective action either: (i) through requesting the appropriate agency to take such action or, (ii) directly, by its own personnel and/or outside contractors, to contain and, if necessary to remove such contaminants from the water supply, in the Authority's sole discretion. In addition, to the extent it is legally able to do so and it determines that such action is in the best interests of the Authority, the Authority will seek to recover all costs and damages resulting from any such incidents from the parties responsible.

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

SECTION 4. Payment for Water Services

A. General. Purchaser agrees to make all payments for uninterruptible water services available hereunder in the amounts, at the times and places and in the manner provided herein, in the Rate Schedule or in the System Rules and Regulations.

B. Uninterruptible Service. Purchaser agrees to pay the Authority a rate equal to one-hundred percent of the total rate set forth in the Schedule of Rates (See N.J.A.C. 7:11-2.1 (c)) for Uninterruptible Water Services set forth in Section 2 (A)(i) as illustrated in the following formula: $.041 \text{ MG} * \# \text{ of days in the month} * \text{rate}$. The “.041 MGD” value represents the average daily equivalent of the consumptive portion of Purchaser’s increased allocation from 350 MGY to 450 MGY, it being recognized that Purchaser’s initial allocation of 350 MGY preexisted the Authority’s rules pertaining to ground water diversions.

C. Monthly Overdraft Rate. Purchaser agrees to pay the Authority a Monthly Overdraft Rate equal to one-hundred and twenty percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)) for its average daily consumptive diversions for any calendar month in excess of a Peaking Factor of ten-percent above its

consumptive portion of 450 MGY, as illustrated in the following formula:

$$(((\text{actual monthly diversion} * .15) / \# \text{ of days in the month}) - .184 \text{MGD}) * 1.10) * \text{overdraft service rate} * \text{days in the month};$$

D. Annual Overdraft Rate. Purchaser agrees to pay the Authority an Annual Overdraft Rate equal to one-hundred and fifteen percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)(a)) for the average daily equivalent of the consumptive portion of its allocation of 450 MGY for any calendar year in excess of Purchaser's annual permitted withdrawal as illustrated in the following formula:

$$(((\text{Total annual diversion} * .15) / 365) - .184 \text{MGD}) * \text{annual overdraft rate} * 365$$

E. Water Payments. Purchaser agrees to make Quarterly Water Payments for Uninterruptible Water Services provided in Section 4, no later than thirty (30) days from the date of each billing by the Authority to the Purchaser. Except as hereinafter provided, payments for Uninterruptible Service shall be equal, whether or not the Purchaser actually withdraws the full amount of water available to it as Uninterruptible Service; provided, however, that the Purchaser shall not be required to make payment for water that the Authority does not make available to the Purchaser except where such non-provision of water is as a result of an Event of Default. The Authority shall notify the purchaser not later than thirty days prior to the beginning of each Annual Payment Period of the amount of the Purchaser's Annual Payment for Uninterruptible Service and the amounts of the Quarterly Water Payments.

F. Standby Service. Purchaser agrees to pay not later than thirty (30) days from the date of each billing by the Authority to the Purchaser, the standby charge for such month established by the Authority from time to time for Standby Service and the charges for

water actually consumed as Standby Service in the immediate preceding month.

G. Production Factor Payments. The Rate Schedule and System Rules provide that for a depletive diversion at any location above the confluence of the Millstone and Raritan Rivers, the Total Daily Allotment Charge shall be multiplied by the Production Factor, which is equal to System Safe Yield at the point of delivery. The Authority concludes that no Production Factor applies to this diversion.

H. Absolute Obligation. Purchaser's obligations hereunder to pay for water in the manner set forth in this Contract shall be absolute and unconditional, and shall not be affected by any failure by the Authority to perform its obligations hereunder, other than a failure by the Authority to supply water constituting Uninterruptible Service (in which event, as herein provided, Purchaser shall be unconditionally obligated to pay for the water available for taking), except as a result of an Event of Default, or be subject to any other defense or to any reduction, whether by offset, counterclaim or otherwise, except for any reductions or credits provided for herein, in the Rate Schedule or in the System Rules and Regulations.

I. Calculation of Payments. The amounts to be paid by Purchaser for Standby Service and Short-term Service shall be determined by the meter reading procedure which is set forth in Section 5F hereof. The Authority shall calculate bills for such services based upon such meter readings.

J. Overdue Payments. All payments for service which are not made by the due date therefor and any other sums required to be paid by the Purchaser to the Authority pursuant to this Contract shall bear interest at a per annum rate equal to the prime rate, as from time to time established by the bank holding short-term deposits of the Authority as its prime rate (with

any changes in such prime rate to be effective on any date that such rate is changed) plus 2%, such interest to be calculated from the due date of any required payment until actual payment thereof. If Purchaser withdraws water in excess of the amounts contracted for or in excess of the aggregate amounts set forth in Section 2B hereof, such excess withdrawals shall be subject to the payment of the penalty charges set forth in the System Rules and Regulations.

K. Rate Adjustments and Procedures. The Authority reserves the right from time to time to adopt adjustments to the Rate Schedule and to the System Rules and Regulations in accordance with applicable laws and regulations. If as a result of any such adjustments the payments for service hereunder are adjusted by the Authority, the Authority shall notify the Purchaser of the adjustments and of any revised schedule of Monthly Water Payments required to reflect such adjustments and the same shall, without any further act of the Authority or the Purchaser, constitute an amendment to this Contract.

SECTION 5. Delivery and Withdrawal of Water.

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

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

C. The Purchaser shall not install or construct nor make any material alterations in

Purchaser's Interconnection System without the prior written approval of the Authority.

Purchaser shall submit engineering plans therefore to the Authority for its review and approval.

D. The Authority or its designated representatives shall have the right at any time to examine Purchaser's Interconnection System. The Purchaser shall, at its sole cost and expense, within ten (10) days (or such longer period as may be required by law) after receipt of written demand from the Authority, make such modifications or repairs to Purchaser's Interconnection System as, in the opinion of the Authority, may be required to eliminate leakage of water from, or potential damage to the System. If Purchaser should fail to make such modifications or repairs, the Authority may do so and the Purchaser agrees to reimburse the Authority on demand for the Authority's cost therefor.

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

F. Monthly meter readings of water shall be taken by the Purchaser on the last day of each month, or if such last day falls on Sunday or legal holiday, on the first working day thereafter. The Purchaser shall keep a daily record of flow rates and cumulative daily water

withdrawal totals and shall submit to the Authority, not later than the tenth (10th) business day of each month, copies of such records for the preceding month. The Authority or its designated representatives shall have the right at any time to examine the flow meters or other measuring device, and any repairs or replacements made to such flow meter or other measuring device.

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

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

SECTION 6. Force Majeure.

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

SECTION 7. Term of Contract.

A. This Contract shall commence on October 1, 2021 and shall expire on September 30, 2031 unless previously terminated as provided herein as a result of an Event of Default, or extended as provided in Section 7B hereof.

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

C. If the Purchaser has not submitted a notification of intent to renew as provided

in Section 7B hereof, the Authority shall notify the Purchaser of the expiration date of the Contract. If, after such notification by the Authority, the Purchaser continues withdrawal of water, the charge for such withdrawal shall be twice the rate per million gallons as is specified in the Rate Schedule then in effect.

SECTION 8. Insurance

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

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

insurance covering Purchaser's obligations pursuant to Section 5G hereof. The proceeds of business interruption insurance shall be payable directly to the Authority to the extent of the Purchaser's obligations to purchase water hereunder.

SECTION 9. Covenants, Representations, and Warrants

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

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

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

D. The Authority shall exercise reasonable efforts to execute Contracts, similar in form and content to this Contract, with all other users of the System; provided, however, that notwithstanding the foregoing, the Authority may (i) enter into Contracts for durations other than the term of this Contract and (ii) enter into Contracts, containing terms which may be inconsistent with the terms of this Contract, if the Authority determines it to be necessary in connection with the operation of the System so long as such Contracts do not increase the Purchaser's obligations hereunder for Debt Service unless the Purchaser is benefited as a result of

the provisions of such Contract. All Contracts entered into by the Authority shall contain rates and charges for water as are set forth in the Rate Schedule then in effect.

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

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

SECTION 10. Events of Default.

Any of the following shall constitute an Event of Default:

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

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

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

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

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

(d) Terminate this Contract.

SECTION 11. Payments and Notice.

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

hereinafter provided, be as follows:

If to the Authority:

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

Attention: Executive Director

If to the Purchaser:

New Jersey American Water
1 Water Street
Camden, NJ 08102

Attn: Vice President Operations

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

SECTION 12. Severability.

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

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

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

SECTION 14. Calculations of the Authority.

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

SECTION 15. Binding Effect.

This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement, which shall be governed by and construed in accordance with the laws of the State. Neither party hereto may assign its rights or obligations hereunder without the consent of the other party. The undersigned warrant that they are authorized to sign this Contract and bind themselves, their successors, assignees, and/or trustees to comply with the terms and provisions of this Contract.

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

ATTEST:

NEW JERSEY WATER SUPPLY AUTHORITY

DocuSigned by:
Chris Satira
B87DF12997C3434...

DocuSigned by:
Marc Brooks
668A128E7D3D49...
Marc Brooks, P.E.
Executive Director

Dated 11/29/2021

ATTEST:

NEW JERSEY AMERICAN WATER

Stephen R Bishop
Stephen R Bishop, P.E. (Doc ID: 20211129112501)

Thomas Shroba

Dated _____

Name Printed/Title: Thomas Shroba, VP of Operations

Reviewed and Approved As to Form Only:

Andrew J. Bruck
Acting Attorney General for New Jersey

By: Kathrine Hunt
c34887101251
Kathrine Hunt
Deputy Attorney General

WATER PURCHASE AGREEMENT

This Agreement (the "Agreement") made as of this 16th day of June, 2015 between MONTCLAIR TOWNSHIP, in the COUNTY OF ESSEX, a municipal corporation of the State of New Jersey, (hereinafter referred to as "Montclair") and NEW JERSEY AMERICAN WATER COMPANY, INC. (hereinafter referred to as "NJAW"), a public utility and corporation organized under the laws of the State of New Jersey.

WITNESSETH:

WHEREAS, Montclair owns and operates a public water supply system and has a sufficient supply of water and is willing to make water available to NJAW as provided herein; and

WHEREAS, NJAW requires bulk quantities of water and has requested that Montclair provide it with such water for private and public use in accordance with the provisions of this Agreement; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained herein, the parties covenant and agree as follows:

I. Term.

Montclair agrees to supply NJAW, and its successors and assigns, and NJAW hereby agrees to take and receive from Montclair safe and adequate water upon the terms and conditions set forth herein for a continuous period of ten (10) years (the "Term"). The Agreement will automatically renew for up to three (3) additional five (5) year periods unless NJAW or Montclair provides written notice of termination at least one (1) year prior to the end of the then current term.

2. Supply of Water.

Montclair agrees to supply and NJAW agrees to purchase a minimum of 65 million gallons per calendar year of continuous supply of safe and adequate water subject to the following limitations: up to 435,000 gallons per day (the "Maximum Daily Volume"); 13.5 million gallons per month (the "Maximum Monthly Volume"); and 100 million gallons per year (the "Maximum Annual Volume"). The delivery shall be apportioned in the following manner and regulatory capacity credited as follows:

- a) Little Falls System (PWS ID NJ1605001) – Daily Maximum 0.432 MGD;
Monthly Maximum 13.45 MGM; and Yearly Maximum 99.5 MGY

- b) Passaic System (PWS ID NJ0712001) West Orange connections – Daily Maximum 0.003 MGD; Monthly Maximum 0.05 MGM; and Yearly Maximum 0.5 MGY

Title to all water delivered shall pass to NJAW at the Meter Stations (as hereinafter defined).

3. Rate.

- a) Montclair will charge NJAW, and NJAW agrees to pay for all water purchased under the terms of this Agreement at the then current Peak/Non-Peak for 1" or smaller rate for regular residential customers as defined in Montclair's approved and effective municipal ordinances governing water rates (the rate schedule current at the time of execution of this Agreement is attached as Exhibit A). The parties agree that an allowance of 534,759 cubic feet (4 million gallons) per billing month shall be

established for billing purposes. Montclair will charge NJAW the least costly of the current, or any future tiered rate, for the lesser of the allowance or NJAW's actual monthly usage. NJAW may take water from Montclair in excess of the billing allowance; however, any monthly usage above the allowance shall be charged at the next highest tiered rate.

- b) If Montclair determines it is necessary to change the Peak/Non-Peak for 1" or smaller rate for residential customers, or the tiered rate structure as shown in Exhibit A, Montclair will provide NJAW written notice of its intent to revise the Peak/Non-Peak for 1" or smaller rate for residential customers no less than sixty (60) days prior to the effective date of the revised rate. Such notice shall include the proposed revised rate.

- c) In the event there is a temporary increase in the cost of water by reason of a Force Majeure, then the Peak/Non-Peak for 1" or smaller rate for residential customers may be proportionately increased to meet the additional cost, provided that NJAW will not be charged more than its pro rata share of such increase. Montclair shall provide supporting cost information regarding distribution of said proportionate costs upon request from NJAW.

The points of delivery between Montclair and NJAW shall be as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

6. Water Quality.

All water delivered to NJAW by Montclair under this Agreement shall comply with all Federal and State laws and regulations for safe drinking water adopted by the New Jersey Department of Environmental Protection ("NJDEP") and/or the United States Environmental Protection Agency and, to the extent applicable, both parties will comply with all testing, notice and other requirements. Each party shall be entitled to perform water quality tests at all Meter Stations. All water quality tests shall be performed only by State of New Jersey certified laboratories. Subject to the foregoing, neither party shall be responsible for contamination or degradation in the quality of the water once it passes through the Meter Station into the water system of the other party. Montclair shall provide NJAW with reports of any water quality test results for water samples taken at the Meter Stations and for water samples taken at points from which water flows or can flow to the Meter Stations. Notice of any violation shall be given to NJAW

of any safe drinking water standard that occurs within Montclair's system that could reasonably affect the quality of water delivered to NJAW.

7. Meters, Services and Other Appurtenances.

Montclair and NJAW agree that all water delivered under this agreement will be measured by the meter(s) at the Meter Stations. NJAW shall furnish, own and maintain, at its own cost, an agreed upon, by both parties, meter size, type and manufacturer for connection to the Meter Stations. The vaults, chambers, valves, service pipes and appurtenances shall remain the property of Montclair. NJAW shall maintain and verify the accuracy of said meters within New Jersey Board of Public Utilities' ("BPU") regulations and NJAW shall have the right of access to the Meter Stations to inspect or maintain instrumentation owned by NJAW at reasonable times with prior notice. Meter(s) shall be tested yearly, between the months of March and June, by a certified third party tester at NJAW's expense. Meters with a deviation of three percent (3%) or more shall be repaired or replaced. Meter test reports shall be provided to Montclair by NJAW upon request. Meter(s) will be in units of one hundred (100) cubic feet.

8. Meter Readings.

Montclair will read the meters monthly for all water supplied to NJAW at each Meter Station then in operation.

9. Payment.

NJAW will pay a monthly amount, determined by taking the meter reading and determining the incremental increase (in one hundred cubic feet units) over the prior month, as read by Montclair, and multiplying such incremental amount by the Peak/Non-Peak for 1" or smaller rate for residential customers per the municipal ordinances governing water rates. This monthly amount will be invoiced monthly by Montclair to NJAW and payment shall be made within forty-five (45) days of receipt of the invoice in accordance with Paragraph 3.

10. Force Majeure.

"Force Majeure" is the inability of a party to perform due to acts of God; orders of the Government of the United States or the State of New Jersey, or any agency or instrumentality thereof; orders of any other governmental or quasi-governmental agency having jurisdiction over water supplies furnished hereunder; 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 or partial or entire failure or contamination of water supply, not due to the negligence of the party claiming such occurrence as the reason for the inability to perform; arrests; civil disturbances; acts of any public enemy; and any other causes not reasonably within the control of the party claiming such inability to perform.

11. Excused Performance.

Montclair agrees to provide a continuous, regular and uninterrupted supply of water at the Meter Stations, subject to delays in initiating service or interruptions in service due to planned maintenance work with prior notice or by events of Force Majeure (see Paragraph 10).

12. Indemnification.

NJAW agrees to indemnify Montclair, defend and save it harmless from any and all liability, claims, demands, actions, costs and charges whatsoever to which Montclair may be subject or which it may have to pay by reason of entering into or performing this Agreement arising out of or related to the supplying of water to NJAW. However, as to claims involving water quality, the within Article is intended not to apply to water until after it is delivered to the NJAW's system, i.e., after water is supplied through the Meter Stations.

13. Severability.

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

14. Regulatory Approvals.

This Agreement shall be filed with and subject to approval by the BPU and the NJDEP as may be required by law. Montclair shall expeditiously initiate the said filings and petition for the said approvals. Both parties agree to cooperate and act in good faith in connection with obtaining these and any other regulatory authorizations.

15. Successors.

This Agreement may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

16. Notice.

All notices and demands of any kind which any party may be required or may desire to serve upon the other party in connection with this Agreement must be in writing and must be served either by personal service, acknowledged by signature of addressee or authorized agent at the office address, by express mail or by certified mail, return receipt requested, postage prepaid (as set forth herein "Notice"). Service of Notice by express mail or certified mail shall be deemed complete the second business day after mailing. Service of Notice by personal delivery shall be deemed complete upon the date of acknowledgment by the addressee.

All Notices shall be addressed as follows:

If to Montclair: Township Manager
205 Claremont Avenue
Montclair, New Jersey 07042

With a Copy to: Montclair Township Attorney
205 Claremont Avenue
Montclair, New Jersey 07042

Mr. Gary Obszarny
Director of Utilities
54 Watchung Avenue
Montclair, New Jersey 07043

If to NJAW: New Jersey-American Water Company, Inc.
1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attn: Corporate Secretary

With a Copy to: New Jersey-American Water Company, Inc.
1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attn: Vice-President Operations

17. Governing Law.


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

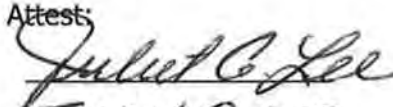
18. Entire Agreement.

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


IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first written above.

TOWNSHIP OF MONTCLAIR

By: 
Robert Jackson
Title: Mayor
Date: 6/29/15

Attest:
By: 
Juliet G. Lee
Title: Deputy Clerk
Date: 6/29/15

NEW JERSEY-AMERICAN WATER COMPANY, INC.

By: 
Stephen P. Schmitt
Title: Vice President - Operations
Date: 6/10/15

Attest:
By: 
Jordan S. Mersky
Title: Dir. Business Development
Date: 6/10/15

TOWNSHIP OF MONTCLAIR

ADOPTED ORDINANCE

*Sealed
for the file*
D
EXHIBIT A

ORDINANCE AMENDING SECTION 341-9 OF THE TOWNSHIP CODE TO ESTABLISH
NEW RATES FOR WATER PURCHASED FROM THE TOWNSHIP EFFECTIVE JANUARY 1, 2015

October 21, 2014
 (date of introduction)

BE IT ORDAINED by the Council of the Township of Montclair, in the County of Essex, that Section 341-9 of the Township Code is hereby amended to read as follows:

§341-9. Water Rates.

A. Effective January 1, 2015, the rates for water purchased from the Township by consumers shall be as follows:

- (1) For consumers whose water service line is 1 inch or smaller and includes 1000 cu. ft. of water the quarterly minimum charge will be as follows:
- | | |
|--------------------|---------|
| Calendar year 2015 | \$32.00 |
| Calendar year 2016 | \$33.00 |
| Calendar year 2017 | \$34.00 |

Each additional unit of 100 cu. ft. of water in excess of 1000 cu. ft. up to 3,300 cu. ft. will be charged as follows:

	Non-Peak	Peak
2015	\$3.20	\$3.52
2016	\$3.30	\$3.80
2017	\$3.40	\$4.08

Each additional unit of 100 cu. ft. of water in excess of 3,300 cu. ft. will be charged as follows:

	Non-Peak	Peak
2015	\$3.52	\$3.87
2016	\$3.63	\$4.17
2017	\$3.74	\$4.49

- (2) For consumers whose water service line is larger than 1 inch, each unit of 100 cu. ft. of water will be charged as follows:

	Non-Peak	Peak
2015	\$3.52	\$3.87
2016	\$3.63	\$4.17
2017	\$3.74	\$4.49

Each additional unit of 100 cu. ft. of water in a calendar month in excess of an average of 13,369 cubic feet per day for that month, will be charged as follows:

	Non-Peak	Peak
2015	\$3.81	\$4.19
2016	\$3.93	\$4.52
2017	\$4.05	\$4.86

B. Definitions

- (1) Non-Peak means water usage during the months of January, February, March, October, November, and December.
- (2) Peak means water usage during the months of April, May, June, July, August, and September.
- (3) All references to years, e.g. 2015, are to calendar years.

C. Senior citizens who qualify for a tax exemption pursuant to N.J.S.A. 54:4-8.40 et seq. and senior citizens who are not property owners but whose water consumption is separately metered to their living unit will be entitled to senior citizen rates pursuant to this article, which in effect is a discount of 25% from the rates set forth in Subsection A.

D. Any water purchased or billed on or after January 1, 2015 shall be at the above rates.

This Ordinance shall take effect on January 1, 2015.

RECORD OF COUNCIL VOTE											
	YES	NO	ABS	N.V.	AB		YES	NO	ABS	N.V.	AB
Councilor Baskerville	✓					Councilor Schlager	✓				
Councilor Horlock	✓					Councilor Spiller	✓				
Councilor McMahon	✓					Mayor Jackson	✓				
Deputy Mayor Russo	✓										

Legend: YES - Aye, NO - Nay, ABS - Abstain, N.V. - Not Voting, AB - Absent

I HEREBY CERTIFY the foregoing to be a true copy of an ordinance adopted by the Council of the Township of Montclair, in the County of Essex, at its meeting held on November 17, 2014.

Louis S. Wanat
 Louis S. Wanat
 Clerk of the Township of Montclair, N.J.



TOWNSHIP OF MONTCLAIR

RESOLUTION APPROVING CONTRACT TO SELL WATER TO NEW JERSEY AMERICAN WATER COMPANY, INC.

June 16, 2015

WHEREAS, the Township of Montclair owns and operates a public water supply system and has a sufficient supply of water and is willing to make water available to New Jersey American Water Company, Inc. (NJAW) as provided herein; and

WHEREAS, NJAW requires bulk quantities of water and has requested that the Township provide it with such water for private and public use in accordance with the provisions of this Agreement; and

WHEREAS, NJAW has previously contracted with the Township to provide water, the most recent agreement having been executed in 2003; and


WHEREAS, the Township and NJAW have negotiated a new Water Purchase Agreement, the form of which is attached hereto and incorporated in its entirety in this Resolution; now, therefore be it

RESOLVED, that the Township Council approves an agreement with NJAW for the sale of potable water in accordance with the terms and conditions and in substantially the form of the Water Purchase Agreement; and be it further

RESOLVED, that the Manager or Mayor and the Township Clerk are authorized to execute and attest to this Water Purchase Agreement.

RECORD OF COUNCIL VOTE											
	YES	NO	ABS	N.V.	AB		YES	NO	ABS	N.V.	AB
Councilor Baskerville	✓					Councilor Schlager	✓				
Councilor Hurlock					✓	Councilor Spiller	✓				
Councilor McMahan	✓					Mayor Jackson	✓				
Deputy Mayor Russo	✓										
X - Indicate Vote ABS - Abstain N.V. - Not Voting AB - Absent											

I HEREBY CERTIFY the foregoing to be a true copy of a Resolution adopted by the Council of the Township of Montclair, in the County of Essex, at its meeting held on June 16, 2015.


 Linda S. Wanat
 Clerk of the Township of Montclair, N.J.

