

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



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

WATER

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

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

Parties of Record:

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

BY THE BOARD:

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

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

BACKGROUND/PROCEDURAL HISTORY

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

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

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

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

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

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

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

STIPULATION¹

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

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

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

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

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

[Stipulation at 3-4.]

DISCUSSION AND FINDINGS

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

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

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

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

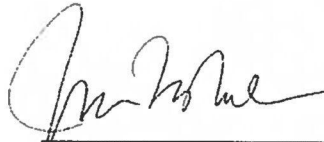
EXHIBIT A-2

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

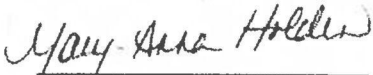
This Order shall be effective on April 4, 2020.

DATED: March 27, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANE SOLOMON
COMMISSIONER

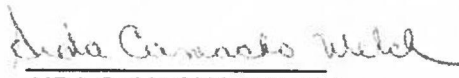


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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

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

SERVICE LIST

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

RECEIVED
CASE MANAGEMENT

2020 MAR -9 10 18

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

17126-19

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 17126-19

AGENCY DKT. NO. WR19111463

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

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

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

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

Record Closed: February 28, 2020

Decided: March 2, 2020

BEFORE TRICIA M. CALIGUIRE, ALJ:

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

CMS
K. G. O'Neil
D. Thomas
M. Kamm
K. O'Connell
S. Patnode
P. Owen

OAL DKT. NO. PUC 17126-19

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

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

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

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

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

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

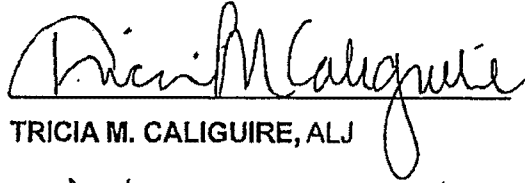
I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

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

OAL DKT. NO. PUC 17126-19

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

March 2, 2020
DATE


TRICIA M. CALIGUIRE, ALJ

Date Received at Agency:

3/2/2020

Date Mailed to Parties:

3/2/2020

nd

OAL DKT. NO. PUC 17126-19

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Stipulation of Settlement

2025 RELEASE UNDER E.O. 14176

J-1

RECEIVED

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

2020 FEB 28 P 3:45

STATE OF NEW JERSEY
OFFICE OF ADMIN. LAW

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

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

STIPULATION OF SETTLEMENT

APPEARANCES:

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

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

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

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

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

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

The procedural history of this matter is as follows:

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

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

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

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

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

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

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

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

3. For purposes of this matter, the base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 12,351.0 mg. This amount is reduced by the amount attributable to the Township of East Brunswick ("East Brunswick")¹ of 2,394.3 mg, resulting in a base consumption for recovery of the PWAC of 9,956.7 mg as more fully set forth in Exhibit A.
4. For General Water Service ("GWS") customers under Rate Schedule No. 1, Revised Tariff Sheet No. 33A, a charge of \$0.6024 per thousand cubic feet shall be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised Tariff Sheet No. 33A, attached and made a part of this Stipulation.
5. For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to herein result in a charge of \$30.86 per million gallons, reflected on Rate Schedule No. 5, attached and made part of this Stipulation.
6. As a result of this Stipulation, a residential customer with a 5/8" meter using 2,300 cubic feet or 17,204 gallons of water per quarter will see his/her water bill increase from \$152.99 to \$154.27 per quarter, an increase of \$1.28 per quarter, or an increase of 0.84%. Petitioner shall file a new tariff sheet with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.
7. In accordance with N.J.A.C. 14:9-7.4, Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties

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

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

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

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

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

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

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

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

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

MIDDLESEX WATER COMPANY

February 26, 2020
Date

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

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

Date

By: _____
Melih Arnautovic
Deputy Attorney General

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

Date

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

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

MIDDLESEX WATER COMPANY

Date

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

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

2/25/2020
Date

By: _____

Melina Arnautovic
Melina Arnautovic
Deputy Attorney General

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

Date

By: _____

Susan McClure, Esq.
Assistant Deputy Rate Counsel

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


MIDDLESEX WATER COMPANY

Date

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

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

2/25/2020
Date

By: 
Meliha Arnautovic
Deputy Attorney General

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

2/28/2020
Date

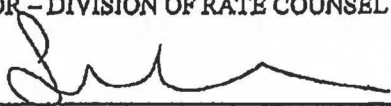
By: 
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

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

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

EXHIBIT A

MIDDLESEX WATER COMPANY

Twelfth Revised Sheet No. 33A

B.P.U. No. 1 - WATER

Cancelling

Eleventh Sheet No. 33A

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

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

Date of Issue: November 14, 2019

Effective for service

Rendered on and after:

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

April 4, 2020

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

EXHIBIT A

MIDDLESEX WATER COMPANY

Twelfth Revised Sheet No. 40A

B.P.U. No. 1 - WATER

Cancelling

Eleventh Sheet No. 40A

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

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

Date of Issue: November 14, 2019

Effective for service
Rendered on and after:

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

April 4, 2020

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

Exhibit A

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR10111463

			PRESENT RATES BPU DOCKET NO. WR18080948		PROPOSED RATES BPU DOCKET NO. WR10111463		
			PWAC RATE	REVENUE	PWAC RATE	REVENUE	DIFFERENCE
RESIDENTIAL	USAGE (CCF)	501,824,775	0.0000488	24,384	0.0006024	302,369	277,966
COMMERCIAL	USAGE (CCF)	221,510,868	0.0000488	10,785	0.0006024	133,438	122,673
INDUSTRIAL	USAGE (CCF)	175,274,917	0.0000488	8,518	0.0006024	105,586	97,067
SUBTOTAL				43,677		541,383	497,706
PRIVATE FIRE	USAGE (CCF)	12,386,177	0.0000488	602	0.0006024	7,461	6,859
PUBLIC FIRE	USAGE (CCF)		0.0000488		0.0006024		
SUBTOTAL				602		7,461	6,859
SUB-TOTAL				44,279		648,845	504,565
EDISON / HIGHLAND PARK	USAGE (MG)	965,388	2.49	2,404	30.86	29,792	27,388
EAST BRUNSWICK	USAGE (MG)	2,394,288	N/A	0	N/A	0	0
OLD BRIDGE MUA	USAGE (MG)	828,584	2.49	2,083	30.86	25,569	23,508
MARLBORO	USAGE (MG)	1,223,333	2.49	3,046	30.86	37,762	34,706
RAHWAY	USAGE (MG)	124,379	2.49	310	30.86	3,838	3,529
SUBTOTAL				7,823		96,952	89,129
ROUNDING				(6)		(6)	0
TOTAL PWAC REVENUE				62,096		645,790	583,694

RATE SCHEDULE G
SALES FOR RESALE - SERVICE TO OTHER SYSTEMS

APPLICABILITY

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

CHARACTER OF SERVICE

Continuous, except as limited by written agreement.

WATER CHARGE

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

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

TERMS OF PAYMENT

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

TERMS

Subject to written agreement.

CONDITIONS

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

SPECIAL PROVISION

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

Issued: October 30, 2020

Effective: November 1, 2020

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

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

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

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

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

FILING

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

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

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

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

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

(Continued)

Issued: October 30, 2020

Effective: November 1, 2020

By: Cheryl Norton, President
One Water Street, Camden, NJ 08102

Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR19121516 dated October 28, 2020.

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

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

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



NEW JERSEY WATER SUPPLY AUTHORITY

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

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Raritan Basin System

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

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

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

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

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

EXHIBIT B

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

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

All comments should be addressed to:

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

WATER SERVICE AGREEMENT
BETWEEN
MIDDLESEX WATER COMPANY
AND
ELIZABETHTOWN WATER COMPANY

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

BETWEEN

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

hereinafter referred to as "ELIZABETHTOWN,"

AND

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

hereinafter referred to as "MIDDLESEX,"

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. ELIZABETHTOWN shall completely indemnify, protect and save harmless

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

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

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

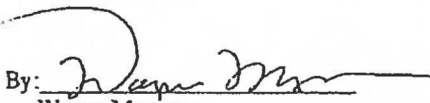
13. This Agreement shall be filed with the Board of Public Utilities of the State of New Jersey and approved by the Department of Environmental Protection of the State of New Jersey, as required.

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

(SEAL)

ELIZABETHTOWN WATER COMPANY

ATTEST:

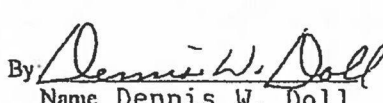
By: 
Wayne Morgan
Vice President- Service Delivery


Secretary Jordan S. Mersky
Assistant Secretary

(SEAL)

MIDDLESEX WATER COMPANY

ATTEST:

By: 
Name Dennis W. Doll
Title President


Secretary

EXHIBIT C-1

ELIZABETHTOWN WATER COMPANY
P. O. No. 7 - WATER

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

RATE SCHEDULE NO. B
SERVICE TO OTHER SYSTEMS UNDER CONTRACT

APPLICABILITY

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

CHARACTER OF SERVICE

Continuous throughout the year except as limited by written agreement.

RATES

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

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

TERMS OF PAYMENT

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

TERMS

Subject to written agreement.

CONDITIONS

Subject to "Standard Terms and Conditions."

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

Date of Issue: February 19, 2004

Effective for service rendered
on and after July 1, 2004

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

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

EXHIBIT C-1

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

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

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

Date of Issue: October 5, 2004

Effective for service rendered
on and after October 5, 2004

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

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

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

APPLICABILITY

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

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE:

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

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

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

TERMS OF PAYMENT

See Rate Schedules for Applicable Customer Classes

Date of Issue: October 5, 2004

Effective for service rendered
 on and after October 5, 2004

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

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

WATER PURCHASE CONTRACT RBS-2A

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

BACKGROUND

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

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

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

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

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

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

SECTION 1. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"GPM" means gallons of water per minute.

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

pursuant to the Resolution.

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

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

"MG" means million gallons of water.

"MGD" means million gallons of water per day.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of New Jersey.

"Supplemental Resolution" means any resolution enacted by

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

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

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

"System Water Purchaser" means any party to a Water

Purchase Contract with the Authority.

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

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

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

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

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

SECTION 2. Water Service To Be Provided

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

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

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

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

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

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

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

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

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

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

SECTION 3. System Water Quality.

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

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

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

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

SECTION 4. Payment for Water Services

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

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

the month * rate;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Delivery and Withdrawal of Water.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 6. Force Majeure.

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

SECTION 7. Term of Contract.

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

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

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

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

SECTION 8. Insurance

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

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

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

SECTION 9. Covenants, Representations, and Warrants

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

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

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

D. The Authority shall exercise reasonable efforts to

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

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

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

SECTION 10. Events of Default.

Any of the following shall constitute an Event of Default:

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

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

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

by the terms of this Contract;

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

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

(d) Terminate this contract.

SECTION 11. Payments and Notice.

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

changed as hereinafter provided, be as follows:

If to the Authority:

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

Attention: Executive Director

If to the Purchaser:

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

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

SECTION 12. Severability.

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

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

The Rate Schedule and the System Rules and Regulations

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

SECTION 14. Calculations of the Authority.

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

SECTION 15. Termination of Existing Contract.

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

SECTION 16. Binding Effect.

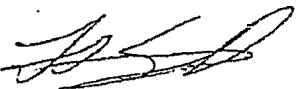
This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement, which shall be governed by and construed in accordance with the laws of the State. Neither party hereto may assign its rights or obligations hereunder without the consent of the other party.

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


(Authority Seal)

ATTEST:

NEW JERSEY WATER SUPPLY AUTHORITY



FRANK SCANGARELLA
BUSINESS MANAGER

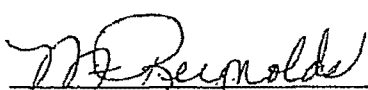
By: 

Henry S. Patterson III
Executive Director

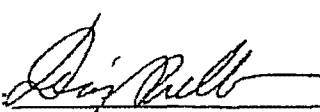
(Purchaser Seal)

ATTEST:

MIDDLESEX WATER COMPANY



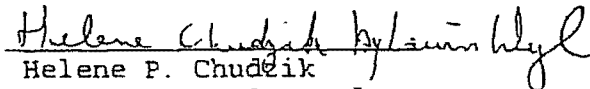
Marion F. Reynolds
Secretary

By: 

Dennis G. Sullivan
President

Reviewed and Approved As to Form Only:

Peter C. Harvey
Attorney General for New Jersey

By: 

Helene P. Chudzik
Deputy Attorney General

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

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

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

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

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

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

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

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

SCHEDULE OF REVISED PURCHASED WATER COSTS

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

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

Incremental Purchased Water Costs (Contract Requirement)

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

MIDDLESEX WATER COMPANY
33A

~~Thirteenth~~ Revised Sheet No.

Cancelling
~~Twelfth~~ Sheet No. 33A

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

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

Date of Issue: November ~~14~~, 202019

Effective for service
Rendered on and after:

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

_____ April 4, 2020

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated _____ March 27, 20210, in Docket No. WR201911 _____ 1463.

MIDDLESEX WATER COMPANY
40A

~~Thirteenth~~ Revised Sheet No.

Cancelling
~~Twelfth~~ Sheet No. 40A

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

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

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

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

Effective for service
Rendered on and after:

April 4, 2020

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated March 27,
2020, in Docket No. WR2011 19111463.

MIDDLESEX WATER COMPANY
 PURCHASED WATER ADJUSTMENT CLAUSE
 BPU DOCKET NO. WR2011____

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

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

		PRESENT RATES (BPU DOCKET NO. 19111463)			REVENUE WITH PROPOSED PWAC RATES				
	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
RESIDENTIAL									
5/8"		186,212	\$ 47.25	\$ 189.00	\$ 8,798,517	\$ 47.25	\$ 189.00	\$ 8,798,517	0.00%
3/4"		31,240	70.89	283.56	2,214,604	70.89	283.56	2,214,604	0.00%
1"		4,988	118.14	472.56	586,920	118.14	472.56	586,920	0.00%
1 1/2"		728	236.25	945.00	171,990	236.25	945.00	171,990	0.00%
2"		264	378.00	1,512.00	99,792	378.00	1,512.00	99,792	0.00%
					11,871,822			11,871,822	0.00%
USAGE (CCF)	501,924,775		Base Rate	0.0458527	23,014,606	Base Rate	0.0458527	23,014,606	0.00%
			PWAC Rate	0.0006024	302,359	PWAC Rate	0.0010594	531,739	0.00%
					\$ 35,186,768			\$ 35,416,167	0.65%
									\$ 229,380
COMMERCIAL									
5/8"	3,504		\$ 15.75	\$ 63.00	\$ 55,188	\$ 15.75	\$ 63.00	\$ 55,188	0.00%
3/4"	2,220		23.63	94.51	52,459	23.63	94.51	52,459	0.00%
1"	2,864		39.38	157.52	116,722	39.38	157.52	116,722	0.00%
1 1/2"	3,828		78.75	315.00	301,455	78.75	315.00	301,455	0.00%
2"	11,424		126.00	504.00	1,439,424	126.00	504.00	1,439,424	0.00%
3"	2,736		236.25	945.00	646,380	236.25	945.00	646,380	0.00%
4"	504		393.75	1,575.00	198,450	393.75	1,575.00	198,450	0.00%
6"	48		787.50	3,150.00	37,800	787.50	3,150.00	37,800	0.00%
8"	60		1,260.00	5,040.00	75,600	1,260.00	5,040.00	75,600	0.00%
10"	36		1,811.25	7,245.00	65,205	1,811.25	7,245.00	65,205	0.00%
					2,988,683			2,988,683	0.00%
USAGE (CCF)	221,510,968		Base Rate	0.0458527	10,156,876	Base Rate	0.0458527	10,156,876	0.00%
			PWAC Rate	0.0006024	133,438	PWAC Rate	0.0010594	234,669	0.00%
					\$ 13,278,987			\$ 13,380,228	0.78%
									\$ 101,231
INDUSTRIAL									
5/8"	0		\$ 15.75	\$ 63.00	\$ -	\$ 15.75	\$ 63.00	\$ -	0.00%
3/4"	24		23.63	94.51	567	23.63	94.51	567	0.00%
1"	96		39.38	157.52	3,780	39.38	157.52	3,780	0.00%
1 1/2"	264		78.75	315.00	20,790	78.75	315.00	20,790	0.00%
2"	444		126.00	504.00	55,944	126.00	504.00	55,944	0.00%
3"	480		236.25	945.00	113,400	236.25	945.00	113,400	0.00%
4"	1,008		393.75	1,575.00	396,900	393.75	1,575.00	396,900	0.00%
6"	708		787.50	3,150.00	557,550	787.50	3,150.00	557,550	0.00%
8"	180		1,260.00	5,040.00	226,800	1,260.00	5,040.00	226,800	0.00%
10"	84		1,811.25	7,245.00	152,145	1,811.25	7,245.00	152,145	0.00%
					1,527,877			1,527,877	0.00%
USAGE (CCF)	175,274,917		Base Rate	0.0458527	8,036,828	Base Rate	0.0458527	8,036,828	0.00%
			PWAC Rate	0.0006024	105,586	PWAC Rate	0.0010594	185,686	0.00%
					\$ 8,670,290			\$ 8,750,391	0.83%
									\$ 80,101
GENERAL METERED SERVICE REVENUE					\$ 58,138,075			\$ 58,548,786	0.71%
									\$ 410,711
PRIVATE FIRE WITH HOSE									
1"	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2"	12	8	75.25	301.00	2,709	75.25	301.00	2,709	0.00%
3"	0	0	185.52	742.08	0	185.52	742.08	0	0.00%
4"	120	32	276.31	1,105.28	59,683	276.31	1,105.28	59,683	0.00%
6"	936	4	565.43	2,261.72	536,028	565.43	2,261.72	536,028	0.00%
8"	1,464	0	809.59	3,238.36	1,185,240	809.59	3,238.36	1,185,240	0.00%
10"	480	0	1,298.61	5,194.44	623,333	1,298.61	5,194.44	623,333	0.00%
					2,406,992			2,406,992	0.00%
PRIVATE FIRE WITHOUT HOSE									
1"	12	24	\$ 25.10	\$ 100.40	\$ 2,108	\$ 25.10	\$ 100.40	\$ 2,108	0.00%
2"	168	80	62.07	248.28	25,325	62.07	248.28	25,325	0.00%
3"	396	28	124.29	497.16	59,659	124.29	497.16	59,659	0.00%
4"	2,652	160	206.23	824.92	645,912	206.23	824.92	645,912	0.00%
6"	2,004	196	419.14	1,676.56	1,086,411	419.14	1,676.56	1,086,411	0.00%
8"	1,728	8	599.27	2,397.08	1,049,921	599.27	2,397.08	1,049,921	0.00%
10"	132	0	959.59	3,838.36	126,866	959.59	3,838.36	126,866	0.00%
12"	12	0	1,418.20	5,672.80	17,018	1,418.20	5,672.80	17,018	0.00%
					3,013,021			3,013,021	0.00%
USAGE (CCF)	12,386,177		Base Rate	0.0458527	5,420,013	Base Rate	0.0458527	5,420,013	0.00%
			PWAC Rate	0.0006024	567,940	PWAC Rate	0.0010594	567,940	0.00%
					\$ 7,481			\$ 8,001,074	0.09%
									\$ 5,860
PUBLIC FIRE	INCH FEET	HYDRANTS	RATE	HYD. CHG	REVENUE	RATE	HYD. CHG	REVENUE	
	33,245,313	4,695	\$ 0.040560	\$ 742.10	\$ 4,832,589	\$ 0.040560	\$ 742.10	\$ 4,832,589	0.00%
WHOLESALE 1	E Brunswick	2,394,288	\$ 1,549.32	\$ -	\$ 3,709,063	\$ 1,549.32	\$ -	\$ 3,709,063	0.00%
WHOLESALE 2	Edison/Hld Pk	965,388	\$ 2,350.00	\$ 30.86	\$ 2,298,454	\$ 2,350.00	\$ 54.28	\$ 2,321,063	0.98%
WHOLESALE 3	Rehway	124,379	\$ 2,350.00	\$ 30.86	\$ 385,973	\$ 2,350.00	\$ 54.28	\$ 388,886	0.75%
WHOLESALE 4	Old Bridge	828,564	\$ 2,350.00	\$ 30.86	\$ 2,854,602	\$ 2,350.00	\$ 54.28	\$ 2,674,007	0.73%
	Marlboro	1,223,333	\$ 2,350.00	\$ 30.86	\$ 2,912,585	\$ 2,350.00	\$ 54.28	\$ 2,941,236	0.87%
	Marlboro	1,642,500			\$ 1,351,778			\$ 1,351,778	0.55%
		7,178,452			\$ 13,312,454			\$ 13,386,032	0.55%
MISCELLANEOUS					105,456			105,456	\$ -
BAYVIEW					108,343			108,343	\$ -
ROUNDING	Rounding				1,450			1,423	\$ (27)
					\$ 82,493,782			\$ 82,983,703	0.59%
									\$ 489,922

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

MWC 2020 PWAC Proceeding Costs

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

50% Sharing	<u>50%</u>	\$500
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NJAWC Base Rate Case Intervention Costs (1)	<u>\$71,453</u>
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Total Costs	<u><u>\$71,953</u></u>
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(1) Costs incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR19121516).

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

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

[a] Per BPU Order in Docket No. WR19111463

[b] Actual PWAC period billings.

[c] Projected billings

[d] Reflects quarterly billed customers.

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

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

(A)

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

**NOTICE OF PUBLIC HEARING
MIDDLESEX WATER COMPANY
NOTICE OF FILING OF PETITION FOR APPROVAL TO
CHANGE THE LEVELS OF ITS PURCHASED WATER ADJUSTMENT CLAUSE ("PWAC")
OAL Docket No. PUC ____-2020_
BPU Docket No. WR2011 ____**

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

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

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

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

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

PLEASE TAKE FURTHER NOTICE that a virtual public hearing on the Company's Petition has been scheduled for _____, 2021 beginning at ___ pm on the following Zoom platform: _____. An Administrative Law Judge from the Office of Administrative Law will preside over the public hearing. Members of the public are invited to attend and express their views on the proposed rate increase. Such comments will be made a part of the final record in the proceeding. Whether or not you attend the public hearing, written comments may be submitted to Hon. _____, ALJ, Office of Administrative Law, P.O. Box 049, Trenton, NJ 08625-0049 and/or Hon. Aida Camacho Welch, Secretary, Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, NJ 08625-0350. Please include OAL Docket No. PUC ____-2020_ and BPU Docket No. WR2011 ____ in your comment letter.

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

Exhibit J

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

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

1 MIDDLESEX WATER COMPANY

2 STATEMENT OF THE DIRECTOR, BUDGETS AND RATES

3 TESTIMONY OF MICHELE L. TILLEY

4

5 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

7 Q. PLEASE STATE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.

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

19 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY BODIES?

20 A. Yes. I have filed testimony and exhibits in support of the Company's Purchased Water
21 Adjustment Clauses ("PWAC") under BPU Docket Numbers WR16040306, WR17050524
22 WR18080948 and WR19111463. I also participated in the Company's previous three Base

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

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

5 A. Yes.

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

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

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

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

1 the PWAC Proceedings Costs as Exhibit MLT-3 and the Base Rate Case
2 Intervention Costs as Exhibit MLT-4.

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

6 A. Yes.

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

10 A. Yes.

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

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

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

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

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

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

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

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

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

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

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

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

12 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

13 A. Yes.

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

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

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

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

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

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

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

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

SCHEDULE OF REVISED PURCHASED WATER COSTS

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

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

Incremental Purchased Water Costs (Contract Requirement)

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

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

MWC 2020 PWAC Proceeding Costs

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

50% Sharing	<u>50%</u>	\$500
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NJAWC Base Rate Case Intervention Costs (1)	<u>\$71,453</u>
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Total Costs	<u><u>\$71,953</u></u>
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(1) Costs incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR19121516).

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