



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

WATER

IN THE MATTER OF THE PETITION OF )	ORDER ADOPTING INITIAL
AQUA NEW JERSEY, INC. FOR APPROVAL OF )	DECISION/STIPULATION
AN INCREASE IN RATES FOR WATER SERVICE )	
AND OTHER TARIFF CHANGES )	BPU DOCKET NO. WR11120859
)	OAL DOCKET NO. 15038-2011N

**Stephen B. Genzer, Esq.**, on behalf of Aqua New Jersey, Inc., Petitioner  
**Stefanie A. Brand , Esq.**, Director, Division of Rate Counsel,  
**Anthony R. Francioso, Esq.**, Intervenor, on behalf of the Township of Robbinsville

BY THE BOARD:

On December 9, 2011, Aqua New Jersey, Inc. ("Company" or "Petitioner"), a public utility of the State of New Jersey filed with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.S.A. 48:3-7.1, N.J.A.C. 14:1-5.7, N.J.A.C. 14: 9-7.1 and N.J.A.C. 14:1-5.12, a petition seeking to increase rates for water service in the amount of \$4,207,268 or 12.91% over pro-forma present rate revenues of \$32,589,728.<sup>1</sup> Petitioner did not seek any change in its wastewater rates in this proceeding. The Company also requested to use this base rate proceeding as the foundational filing required for the implementation of a Distribution System Improvement Charge ("DSIC"); to make a determination that the proposed Woolwich pipeline is necessary for the public convenience; to implement new depreciation rates; to authorize the use of a new Affiliated Interest Agreement; to authorize acquisition adjustments and the recovery of certain costs associated with the Company's acquisition of several small water systems; to mitigate the impact of charges for public fire service; to make the baseline findings necessary to implement a purchased Water Adjustment Clause; and to revise the Company's tariffs to reflect the above requests.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$1,750,000 representing a 5.30% over pro-forma present rate revenues of \$33,020,724. This increase will result in total Company revenues of \$34,770,724.

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<sup>1</sup>The Petitioner's most recent update to its filing, which was filed on March 27, 2012, reflects pro-forma present rate revenues of \$33,020,724

The Signatory Parties propose that these rates will be effective on April 11, 2012.

## **BACKGROUND/PROCEDURAL HISTORY**

Petitioner serves approximately 50,920 water customers and 5,230 wastewater customers in portions of the Town of Phillipsburg, Pohatcong Township, Lopatcong Township, Greenwich Township, Harmony Township and Holland Township in Warren County; Bearbrook Village in Fredon Township and Vernon Township in Sussex County; Lebanon Township, the Borough of Califon and the Borough of Bloomsbury in Hunterdon County; Hamilton Square, Hamilton Township, Robbinsville Township, Lawrence Township and Lawrenceville Township in Mercer County; Berkeley Township in Ocean County; Chesterfield Township and North Hanover Township in Burlington County; Upper Freehold Township, Hardyston Township and Howell Township in Monmouth County; Gloucester Township, Blackwood in Gloucester Township and Laurel Springs in Camden County and Woolwich Township in Gloucester County.

The increase in rates was proposed to become effective on January 20, 2012<sup>2</sup>. The Petitioner did not seek interim rate relief pending final determination on the petition. On January 18, 2012, the Board issued an Initial Suspension Order, with an effective date of January 28, 2012, suspending the proposed rates until May 20, 2012. The Company is also engaged in the wastewater collection, treatment and transmission business and the rates for wastewater service are not the subject of this petition.

On December 19, 2011, this matter was transmitted to the Office of Administrative Law ("OAL") as a contested case where it was assigned to Administrative Law Judge ("ALJ") Mumtaz Bari-Brown. On January 23, 2012, ALJ Bari-Brown held a pre-hearing conference in which counsel for the Company and the statutory parties to the case, the Division of Rate Counsel and Board Staff participated. A pre-hearing Order was issued on February 9, 2012, setting forth, among other things, the issues to be litigated and the schedule going forward. On March 5, 2012, the Township of Robbinsville ("Robbinsville") filed a motion to intervene. Judge Bari-Brown issued an Amended Pre-Hearing Order on March 28, 2012, which granted intervenor status to Robbinsville.

On February 28, 2012, public hearings were held at 2:00 pm in Hamilton, N.J. and at 6:00 p.m. in Phillipsburg, N.J. At the Hamilton public hearing one member of the public, along with a representative from the Township of Robbinsville were in attendance. At the Phillipsburg public hearing a representative from the Township of Phillipsburg, the Fire Chief, was in attendance. One member of the public spoke at each hearing. At the Hamilton public hearing, a member of the public requested general clarification regarding the fundamentals driving the base rate filing. At the Phillipsburg public hearing, the Fire Chief from the Township of Phillipsburg, spoke in favor of the Company's rate filing.

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<sup>2</sup> On December 22, 2011, at the request of Board Staff, the Company submitted a letter with the Board agreeing not to implement its proposed rates until January 30, 2012. The Company further stated that the agreement was being made as an accommodation to the Board's public meeting schedule, and is not intended to alter or amend the Company's request to implement the proposed rates on September 12, 2012, on an interim basis pursuant to law, if the Board has suspended the effective date of the new rates pursuant to N.J.A.C. 48:2-21 but has not finally determined a just and reasonable tariff schedule prior to that date.

Subsequent to the public hearings and prior to evidentiary hearings in this matter, the Signatory Parties engaged in settlement negotiations. As a result of the settlement negotiations, the Signatory Parties reached a settlement on all issues and entered into a Stipulation that, among other things, provides for an overall increase of \$1,750,000, representing a 5.30% increase above current operating revenues of \$33,020,724, which will result in total Company revenues of \$34,770,724. The Intervenor, the Township of Robbinsville, submitted a letter on April 2, 2012, neither opposing nor adopting the Stipulation among the Signatory Parties.

On April 4, 2012, ALJ Bari-Brown issued her Initial Decision recommending adoption of the Stipulation executed by the Signatory Parties, finding that the Signatory Parties had voluntarily agreed to the Settlement and that the Settlement fully disposes of all issues and was consistent with the law. A copy of the Initial Decision and the Stipulation are attached. No exceptions to the Initial Decision have been filed.

## **DISCUSSIONS AND FINDINGS**

Among the provisions of the Stipulation<sup>3</sup>, the Signatory Parties recommend a rate base of \$99,500,000, with a test year ending April 30, 2012, adjusted for all known and measurable changes, and that the Company be authorized a return on equity of 10.15% with a cost of debt rate of 5.95%, for an overall rate of return of 8.17%. The overall rate of return is calculated using the Company's current capital structure consisting of 47.2% long term debt and 52.8% common equity ratio.

### **Water Service Revenue Increases:**

Pursuant to the Stipulation, the water service customer revenue rate impacts are as follows:

- The average bills for an Aqua New Jersey, general metered residential customer with a 5/8" meter using an average of 72,000 gallons of water per year (6,000 per month) will increase by \$2.09 per month from \$ 40.44 to \$42.53 per month (\$485.28 per year to \$510.36 per year), or an increase of 5.17%, as outlined in Schedule B.2, page 4 of 4, attached Stipulation of Settlement.
- The average bills for an Aqua New Jersey, Lawrenceville metered residential customer with a 5/8" meter using an average of 72,000 gallons of water per year (6,000 per month) will increase by \$5.39 per month from \$ 35.29 to \$40.68 per month (\$423.48 per year to \$488.16 per year), or an increase of 15.27%, as outlined in Schedule B.2, page 4 of 4, attached Stipulation of Settlement.
- The average bills for an Aqua New Jersey, Walkkill metered residential customer with a 5/8" meter using an average of 72,000 gallons of water per year (6,000 per month) will increase by \$5.62 per month from \$14.06 to \$19.68 per month (\$168.72 per year to \$236.16 per year), or an increase of 39.97%, as outlined in Schedule B.2, page 4 of 4, attached Stipulation of Settlement.

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<sup>3</sup> Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

The average bills for a Aqua New Jersey, Vernon metered residential customer with a 5/8" meter using an average of 72,000 gallons of water per year (6,000 per month) will increase by \$4.71 per month from \$33.65 to \$38.36 per month (\$403.80 per year to \$460.32 per year), or an increase of 14.00%, as outlined in Schedule B.2, page 4 of 4, attached Stipulation of Settlement.

**Non-Revenue Issues:**

Pursuant to the Stipulation the Signatory Parties have agreed that

The Company's request to utilize this base rate case as the foundational filing for the implementation of a DISC has been withdrawn by the Company and will not be addressed by this proceeding.

- The Signatory Parties, based upon the Company's representations, acknowledge that the Company will invest approximately \$4.1 million to install a water transmission main and an elevated water tank along the Route 322 corridor (together, these facilities are referred to as the "Woolwich Pipeline"). The Signatory Parties agree that the Woolwich Pipeline is needed to serve the Route 322 corridor in Woolwich Township, Gloucester County, and agree that the Board should so determine. The Signatory Parties agree that the Company is not seeking recovery of the costs of the Woolwich Pipeline at this time, but will file a future petition which will determine the reasonable and prudent costs of the Woolwich Pipeline.

Having reviewed the record in this matter, including ALJ Bari-Brown's Initial Decision, the Stipulation and the letter from the non-signatory Intervenor indicating that they do not oppose the Stipulation, the Board FINDS that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all the issues in this proceeding and is consistent with the law. The Board HEREBY FINDS the Initial Decision which adopts the Stipulation to be reasonable and in the public interest. No exceptions have been received by the Board. The Board HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

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

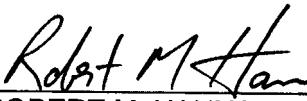
Based upon the forgoing, the Board HEREBY APPROVES an overall increase in revenues in the amount of \$1,750,000 representing a 5.30% increase over current operating revenues.

The Board HEREBY DIRECTS the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order with ten (10) days from the date of this Order.

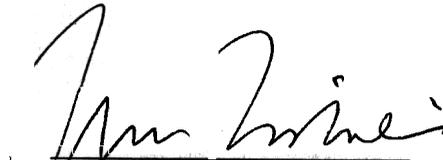
This Order shall be effective on April 11, 2012.

DATED: 4/11/12

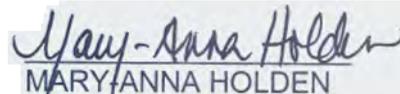
BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

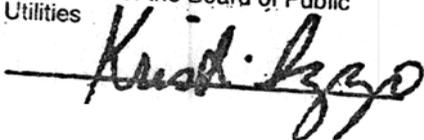
  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



In the Matter of the Petition of Aqua New Jersey, Inc. for  
Approval of an Increase in Rates for Water Service and Other Tariff Changes  
BPU Docket No. WR11120859  
OAL Docket No. 15038-2011N

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 15038-2011

AGENCY DKT. NO. WR11120859

**IN THE MATTER OF THE PETITION OF  
AQUA NEW JERSEY, INC., FOR APPROVAL  
OF AN INCREASE RATE FOR WATER  
SERVICE.**

**Stephen B. Genzer, Esq.**, for petitioner Aqua New Jersey, Inc. (Saul Ewing, LLP, attorneys)

**Susan E. McClure, Esq.**, for the Division of Rate Counsel (Stefanie A. Brand Esq., Director)

**Alex Moreau, Deputy Attorney General and David Wand, Deputy Attorney General for Staff of the Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey, attorneys)**

**Anthony R. Francioso, Esq.**, Counsel for Intervenor, for The Township of Robbinsville (Fornaro Francioso, LLP, attorneys)

Record Closed: April 3, 2012

Decided: April 4, 2012

BEFORE MUMTAZ BARI-BROWN, ALJ:

This matter was transmitted to the Office of Administrative Law (OAL) on December 20, 2011, for resolution as a contested case pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F1 to -13.

Hearing dates were scheduled for May 2, 3, 7 and 8, 2012. Prior to the date of hearing the parties settled the matter. The attached Stipulation of Settlement was submitted on April 3, 2012, indicating the terms of agreement which are incorporated herein by reference. Intervenor for the Township of Robbinsville filed no objections to the Stipulation of Settlement.

Having reviewed the record and the settlement terms, I **FIND**:

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

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and, therefore, **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

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

**BEFORE MUMTAZ BARI-BROWN, ALJ**

This matter was transmitted to the Office of Administrative Law (OAL) on December 20, 2011, for resolution as a contested case pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F1 to -13.

Hearing dates were scheduled for May 2, 3, 7 and 8, 2012. Prior to the date of hearing the parties settled the matter. The attached Stipulation of Settlement was submitted on April 3, 2012, indicating the terms of agreement which are incorporated herein by reference. Intervenor for the Township of Robbinsville filed no objections to the Stipulation of Settlement.

Having reviewed the record and the settlement terms, I **FIND**:

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

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and, therefore, **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

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

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

April 4, 2012  
DATE

Mumtaz Bari Brown  
MUMTAZ BARI-BROWN, ALJ

Date Received at Agency:

4-9-12  
[Signature]

Date Mailed to Parties:

APR - 9 2012

[Signature]  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

dr

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.

April 4, 2012  
DATE

Mumtaz Bari Brown  
MUMTAZ BARI-BROWN, ALJ

Date Received at Agency:

4-9-12  
[Signature]

Date Mailed to Parties:

APR - 9 2012

[Signature]  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

dr



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April 2, 2012

The Honorable Mumtaz Bari-Brown  
Administrative Law Judge  
Office of Administrative Law  
33 Washington Street  
Newark, New Jersey 07102

Re: In The Matter Of The Petition Of Aqua New Jersey, Inc. For Approval Of An  
Increase In Rates For Water Service and Other Tariff Changes  
BPU Docket No. WR11120859  
OAL Docket No. PUC-15038-11

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Dear Judge Bari-Brown:

Attached please find a signed Stipulation in the above-captioned matter from the  
Petitioner, Staff and Rate Counsel, with a letter of no objection from intervenor Township of  
Robbinsville. We would appreciate a quick turn-around on an initial decision accepting the  
settlement so that the matter can be acted on at the BPU's next agenda meeting.

Thank you for your consideration.

Respectfully submitted,

Stephen B. Genzer

SBG/gd  
cc: Service List

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Stephen B. Genzer - Newark Managing Partner

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A DELAWARE LIMITED LIABILITY PARTNERSHIP

## SERVICE LIST

**In the Matter of the Petition of Aqua New Jersey, Inc.  
For Approval of an Increase in Rates for Water Service  
And Other Tariff Changes  
BPU Docket No. WR11120859**

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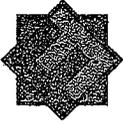
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TELEPHONE: 609-584-6104 • TELEFAX: 609-584-2709

RICHARD D. FORNARO\*  
ANTHONY R. FRANCIOSO\*

*Of Counsel*  
KATHLEEN A. FRANCIOSO\*

\*MEMBERS OF THE NEW JERSEY & PENNSYLVANIA BAR

April 2, 2012

The Honorable Mumtaz Bari-Brown  
Administrative Law Judge  
Office of the Administrative Law  
33 Washington Street  
Newark, New Jersey 07102

RE: I/M/O The Petition of Aqua New Jersey Inc., for Approval of an Increase in Rates for Water Service and Other Tariff Changes  
BPU Docket No. WR11120859  
OAL Docket No. PUC 15038-11

Dear Judge Bari-Brown:

FORNARO FRANCIOSO LLC has been retained as special counsel for the Township of Robbinsville in the above referenced matter. With respect to the settlement being submitted to Your Honor for approval, may this letter serve as notice that the Township of Robbinsville will not be a signatory to the Stipulation, however does not oppose same.

Thank you Your Honor for your attention to the foregoing.

Respectfully submitted,  
FORNARO FRANCIOSO LLC

Anthony R. Francioso, Esq.

ARF/af

c: Service List (Via Electronic Mail)  
David Fried, Mayor

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

---

**IN THE MATTER OF THE PETITION  
OF AQUA NEW JERSEY, INC. FOR  
APPROVAL OF AN INCREASE IN  
RATES FOR WATER SERVICE AND  
OTHER TARIFF CHANGES**

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: **BPU DOCKET NO. WR1120859**  
: **OAL DKT. NO. PUC-15038-11**  
:  
: **STIPULATION OF SETTLEMENT**  
:

**APPEARANCES:**

Stephen B. Genzer, Esq., and Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of Aqua New Jersey, Inc., Petitioner

Alex Moreau, Deputy Attorney General and David Wand, Deputy Attorney General (Jeffrey S. Chiesa, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

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

Anthony Francioso, Esq., on behalf of Intervenor, Township of Robbinsville

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The Parties in this proceeding are as follows: Aqua New Jersey, Inc. (the "Company" or "Petitioner"), the Division of Rate Counsel ("Rate Counsel"), the Staff of the Board of Public Utilities ("Board Staff" or "Staff"), and Intervenor, the Township of Robbinsville. As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery, and two public hearings held on February 28, 2012, the Company, Board Staff and Rate Counsel (collectively, the "Signatory Parties") have come to an agreement on the issues in

dispute in this matter. The Township of Robbinsville has provided a letter indicating that while it does not object to the terms of this settlement, it will not be a Signatory Party to this agreement. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On December 9, 2011, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-18, N.J.S.A. 48:3-7.1 and N.J.A.C. 14:1-5.12, N.J.A.C. 14:1-5.7 and N.J.A.C. 14:9-7.1 et seq., filed a petition seeking among other things to increase rates for water service and to make other tariff changes. Specifically, the Company requested a rate increase of approximately \$4,207,268 or approximately 12.91% above the adjusted annual level of revenues for the test year ending April 30, 2012.

On December 19, 2011, the Board transmitted the matter to the Office of Administrative Law (“OAL”), and Administrative Law Judge (“ALJ”) Mumtaz Bari-Brown was assigned to hear the case. On January 18, 2012, the Board entered an Order suspending until May 20, 2012, the implementation of changes Aqua sought to make to its tariffs. A Pre-Hearing Conference was convened by ALJ Bari-Brown on January 23, 2012, a procedural schedule was circulated on January 25, 2012, and a Pre-Hearing Order issued on March 28, 2012.

Extensive discovery was conducted by the Parties with the Company providing responses to hundreds of data requests. After proper notice, public hearings were held in Hamilton and Phillipsburg on February 28, 2012. One member of the public appeared at the hearing in Hamilton, along with a representative of the Township of Robbinsville, and a few members of the public and a representative of the Township of Phillipsburg appeared at the hearing in Phillipsburg. All comments were transcribed and made a part of the record.

Settlement discussions were held, and the agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:

1. For the purposes of this proceeding only, the Company's total rate base is agreed to be \$99,000,000 with a test year ending April 30, 2012, adjusted for certain known and measurable changes.

2. The Signatory Parties agree, for the purposes of this proceeding only, to utilize an overall rate of return of 8.17%, which would result in an overall additional revenue requirement of \$1,750,000. For the purposes of this proceeding only, this overall rate of return is calculated using the Company's current capital structure (consisting of 47.2% long term debt and 52.8% common equity) with long term debt calculated at a rate of 5.95% and common equity calculated at a rate of 10.15%.

3. The Signatory Parties stipulate that a revenue increase for the Company of \$1,750,000 or approximately 5.30% over present operating revenues of \$33,020,724 is an appropriate result of this matter. The Signatory Parties recommend to the Board that it consider this Stipulation at its April public agenda meeting; however, the effective date will be the date of the Board's Order or an effective date as determined by the Board. The Signatory Parties agree that this revenue requirement should represent a level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers.

4. The stipulated revenue increase of \$1,750,000 includes a consolidated tax adjustment as well as the amortization of deferred expenses related to the Company's continued installation of required radium treatment facilities (as previously authorized in BPU Docket No. WR06120897 seeking deferred accounting treatment).

5. The Signatory Parties agree that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Attached as Exhibit B is a Proof of Revenues for the Company.

6. The Signatory Parties agree that the Company's request to utilize this base rate proceeding as the foundational filing required for the implementation of a Distribution System Improvement Charge ("DSIC") has been withdrawn by the Company, and will not be addressed in this proceeding.

7. The Signatory Parties, based upon the Company's representations, acknowledge that the Company will invest approximately \$4.1 million to install a water transmission main and an elevated water tank along the Route 322 corridor (together, these facilities are referred to as the "Woolwich Pipeline"). The Signatory Parties agree that the Woolwich Pipeline is needed to serve the Route 322 corridor in Woolwich township, Gloucester County, and agree that the Board should so determine. The Signatory Parties agree that the Company is not seeking recovery of the costs of the Woolwich Pipeline at this time, but will file a future petition which will determine the reasonable and prudent costs of the Woolwich Pipeline.

8. The Signatory Parties agree that the rates contained in this Stipulation reflect the depreciation rates shown on Exhibit C.

9. The Signatory Parties recommend that the Board approve the new Affiliated Interest Agreement (provided as Pre-Filed Exhibit PF-19) to replace a prior agreement that has been effective since 1977. (Attached hereto as Exhibit D)

10. The Signatory Parties recommend that the Board approve the accounting and ratemaking treatment of unamortized acquisition adjustments proposed on Exhibit P-26, Sheet 22. (Attached hereto as Exhibit E)

11. The Signatory Parties agree that Company's request to identify the baseline data required to implement a Purchased Water Adjustment Clause ("PWAC") pursuant to N.J.A.C. 14:9-7.1 et seq. will not be addressed in this proceeding.

12. This Stipulation is the product of extensive 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 Signatory 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, with any compromises being made 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.

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.

AQUA NEW JERSEY, INC.

4/2/12  
Date

By:   
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners

JEFFREY S. CHIESA, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

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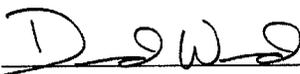
AQUA NEW JERSEY, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners

JEFFREY S. CHIESA, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

4/02/12  
Date

By:   
T. David Wand, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

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AQUA NEW JERSEY, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners

JEFFREY S. CHIESA, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - RATE COUNSEL

4/2/2012  
Date

By: \_\_\_\_\_  
  
Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

# Exhibit A

AQUA NEW JERSEY, INC.  
B.P.U. NO. 17 - WATER

EIGHTH REVISED TITLE PAGE  
SUPERSEDING SEVENTH REVISED TITLE PAGE

AQUA NEW JERSEY, INC.  
TARIFF  
FOR  
WATER SERVICE  
APPLICABLE IN  
ALL OR PART OF  
WARREN, HUNTERDON, MERCER, BURLINGTON, CAMDEN, OCEAN,  
SUSSEX, MONMOUTH, AND GLOUCESTER COUNTIES  
NEW JERSEY

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Issued: April 11, 2012

Effective Date: April 11, 2012

By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated  
April 11, 2012, in Docket No. WR 11120859.

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Standard Terms and Conditions			3 – 3G
Rate Schedule as listed below			
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Main Division	General Metered Service	1	4
Wallkill Division	General Metered Service	1A	4A
Vernon Division	General Metered Service	1B	4B
Lawrenceville Division	General Metered Service	1C	4C
All except Berkeley	Private Fire Protection	2	5 & 5A
Berkley Division	Private Fire Protection	2A	6 & 6A
All Territory Served	Public Fire Protection	4	7 & 7A
	This page is not being used	5	8
	This page is not being used	6	9
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TERRITORY SERVED

BURLINGTON COUNTY

Chesterfield Township \*  
North Hanover Township

CAMDEN COUNTY

Blackwood \*  
Laurel Springs \*  
Gloucester Township \*

GLOUCESTER COUNTY

Woolwich Township

HUNTERDON COUNTY

Lebanon Township  
Califon Borough  
Bloomsbury Borough \*

MERCER COUNTY

Hamilton Square \*  
Hamilton Township \*  
Robbinsville Township \*  
Lawrence Township  
Lawrenceville Township

MONMOUTH COUNTY

Upper Freehold  
Hardyston Township \*  
Howell Township \*

OCEAN COUNTY

Berkeley Township

SUSSEX COUNTY

Fredon Township  
Vernon Township \*

WARREN COUNTY

Town of Phillipsburg  
Town of Pohatcong  
Lopatcong Township  
Greenwich Township  
Harmony Township  
Holland Township\*

\*Partially served

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STANDARD TERMS AND CONDITIONS

Service will be governed by the pertinent rules and regulations promulgated by the Board of Public Utilities, and said rules are herein adopted and incorporated by reference.

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AN INTRODUCTION TO CUSTOMERS

The approved tariff can be found on the Company's website, [www.aquaamerica.com](http://www.aquaamerica.com) for your review. The Company is responsible to maintain its tariff with any changes approved by the Board of Public Utilities and must, by State Law and regulations, maintain it in exactly the same format as the Company's tariff on file at the Board of Public Utilities, 44 S. Clinton Avenue, Trenton, New Jersey 08625. The Division of Water and Wastewater is on the 7th floor.

If, after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding clarification or interpretations, please contact the Board of Public Utilities, Division of Water and Wastewater, Bureau of Rates and Tariff Design at (609) 341-9188 as well as, 1-800-624-0241.

You have the right to review this tariff at the Company's offices or at the Board's office in Trenton. Your inquiries will be handled by the Board's staff in an expeditious manner in order to protect your rights as well as those of the water and/or sewer company. Please feel free to exercise this right by telephone or by visiting the Board's offices at any time between the hours of 9:00 a.m. to 4:00 p.m., Monday through Friday, or by writing a letter. The letter should contain the writer's name, address and phone number-including the area code. If the writer is a customer of record, the account number should be included.

The Company also has available in its office a leaflet entitled "An Overview of Common Customer Complaints and Customer Rights." This is a summary of the most frequent customer complaints and rights; it does not include all customer rights or utility obligations.

The Board of Public Utilities is responsible for the final interpretation and enforcement of a utility's tariff provisions and rates. The utility is bound by New Jersey statutes and the Board's regulations. If a conflict should exist in the tariff that is detrimental to the customer, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the New Jersey Board of Public Utilities. A utility company may provide for more liberal treatment than that provided for in the Board's regulations.

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AN OVERVIEW OF COMMON CUSTOMER COMPLAINTS AND CUSTOMER RIGHTS

- (1) No public utility shall refuse to furnish or supply service to a qualified applicant (Board Order CX86602155).
- (2) The utility shall not place the name of a second individual on the account of a residential customer unless specifically requested by said second individual (N.J.A.C. 14: 3-3.2).

DEPOSITS

- (3) If after notice of the methods of establishing credit and being afforded an opportunity, a customer has not established satisfactory credit, the utility may require a deposit. The deposit amount shall be determined by taking the cost of service for one year, dividing by twelve and multiplying that figure by 2. EX: 12 months total bills = \$763.54 divided by 12 = \$63.63 multiplied by 2 = \$127.26 deposit, or \$127.
- (4) The utility must furnish a receipt to any customer posting a deposit. The deposit will be returned with simple interest at a rate established annually by the Board of Public Utilities. Once the customer has established satisfactory credit with the utility, the deposit shall be returned to the customer with interest due. The customer has the option of receiving the deposit refund either by a check or a credit on the account. If a residential customer's deposit is not returned, the utility shall credit the customer's account with the accrued interest once every twelve months (N.J.A.C. 14:3-3.5).
- (5) Where a water or sewer utility furnishes unmetered service, for which payment is received in advance, it may not require a deposit (N.J.A.C. 14:3-3.4).

DEFERRED PAYMENT AGREEMENTS

- (6) A customer is entitled to at least one deferred payment plan in one year. In the case of a residential customer who receives more than one utility service from the same utility (EX: water and sewer; gas and electric) and the amount which is in arrears is a combination of those services, the utility shall offer a separate deferred payment agreement for each service based on the outstanding balance for that service. The Company MUST re-negotiate the deferred payment agreement should the customer's financial situation change significantly. The Company must also issue a new discontinuance notice each time it

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DEFERRED PAYMENT AGREEMENTS (CONTINUED)

intends to shut off service, including defaults on the terms of the agreement. In the case of a residential customer who receives more than one utility service from the same utility and has subsequently entered into an agreement for each separate service, default on one such payment agreement shall constitute grounds for discontinuance of only that service (N.J.A.C. 14:3-7.7).

(7) A water and sewer utility shall not discontinue service because of nonpayment of bills in cases where a charge is in dispute provided the undisputed charges are paid and a request is made to the Board within five (5) days for investigation of the disputed charge. The Company must advise the customer of their right to appeal to the Board of Public Utilities (N.J.A.C. 14:3-7.13(a)).

(8) A customer has at least fifteen (15) days to pay a bill. A water and/or sewer utility may not discontinue water and sewer service unless written notice giving the customer at least ten (10) days notice prior to the proposed discontinuance. The notice shall not be given until after the expiration of the said fifteen (15) day period (N.J.A.C. 14:3-3A.3). The notice shall contain sufficient information for the customer to notify the Board of Public Utilities of the nature of the dispute. The utility shall make a good faith effort to determine which of its residential customers are over 65 years of age, and shall make good faith efforts to notify such customers of discontinuance of service by telephone in addition to notice by regular mail. This effort may consist of an appropriate inquiry set forth on the notice informing customers that they may designate a third party to receive notice of discontinuance. Utilities shall annually notify all residential customers that, upon request, notice of discontinuance of service will be sent to a designated third party as well as to the customer of record (N.J.A.C. 14:3-3A.4).

(9) Public utilities shall not discontinue residential service except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a holiday or on a holiday absent such emergency.

(10) The occupant of a multiple family dwelling has the right to be notified of a pending service discontinuance at least fifteen (15) days prior to the service being discontinued.

(11) A customer has the right to have any complaint against the utility handled promptly by that utility. Board Order (Docket No. CO8602155).

(12) Each utility shall, upon request, furnish its customers with such information as is reasonable in order that the customers may obtain safe, adequate and proper service (N.J.A.C. 14:3-3.3(a)). Each utility shall inform its customers, where peculiar or unusual circumstances prevail, as to the conditions under which sufficient and satisfactory service may be secured from its system (N.J.A.C. 14:3-3.3(c)). Each utility shall supply its customers with information on the furnishing and performance of service in a manner that tends to conserve energy resources and preserve the quality of the environment (N.J.A.C. 14:3-3.3(d)).

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METERS

(13) The utility must provide for one free meter test within a year if the customer so requests it. The customer can request that the Company or the Board may test the meter. A meter of a customer who has a complaint filed with the Board reflecting on the accuracy of the meter shall not be removed from service by the utility during the pendency of said complaint or during the following thirty (30) days unless otherwise authorized or directed by the Board (N.J.A.C. 14:3-4.8(c)). **When a billing dispute is known to exist, the electric, gas or water utility shall, prior to removing the meter, advise the customer that the customer may have the meter tested by the utility or may have the Board either conduct a test of the meter or witness a testing of the meter by the utility, and that in any event the customer may have the test witnessed by a third party (N.J.A.C. 14:3-4.5(c)). A meter test arising from a billing dispute may be appropriate in instances which include, but are not limited to, unexplained increased consumption, crossed meters, consumption while an account is vacant or any other instance where the meter's accuracy might be an issue in a bill dispute (N.J.A.C. 14:3-4.5(d)).**

(14) Whenever a water meter is found to be registering fast by more than one and one-half percent, an adjustment of charges shall be made in accordance with the following: (1) If the date when the meter had first become inaccurate can be ascertained then the adjustment shall be such percentage as the meter is found to be in error at the time of test adjusted to 100 per cent on the amount of the bills covering the entire period that the meter has registered inaccurately; (2) In all other cases the adjustment shall be such percentage as the meter is found to be in error at the time of the test on one-half of the total amount of the billing affected by the fast meter adjusted to 100 percent since the previous test. No adjustment shall be made for a period greater than the time during which the customer has received service through that meter. No adjustment shall be made for a meter that is found to be registering less than 100 percent except in the case of meter tampering, non-registering meters or in circumstances in which the customer should reasonably have known that his bill did not reflect his usage (N.J.A.C. 14:3-4.6).

(15) A utility must maintain records of customers' accounts for each billing period occurring within a six (6) year period. Such records shall contain all information necessary to permit computation of the bill (N.J.A.C. 14:3-6.1(b)).

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METERS (CONTINUED)

(16) Bills rendered must contain the following information: (a) The meter readings at the beginning and end of the billing period; (b) The dates on which the meter is read; (c) The number and kind of units measured; (d) Identification of applicable rate schedule or a statement that the applicable rate schedule will be furnished on request; (e) The amount of the bill; (f) A distinctive marking to indicate an estimated, averaged or a remote meter index bill; (g) An explanation or statement of any conversion from meter reading to billing units or any other calculations or factors used in determining the bill; and (h) The gross receipts and franchise tax statement (N.J.A.C. 14:3-7.9).

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STANDARD TERMS AND CONDITIONS

EMERGENCY RESPONSE DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED  
SUPPLY

1.1 Discontinuance of service for failure to comply with use restrictions.

For compliance by the utility in good faith with any governmental order or directive, notwithstanding that such order or directive subsequently may be held to be invalid, the Company may, upon reasonable notice, as set forth in sections 2.1 and 2.3 herein, suspend, curtail, or discontinue service pursuant to N.J.S.A. 48:2-23, N.J.S.A. 48:2-24, and N.J.A.C 14:3-3A.1 and N.J.A.C. 14:3-3A.2 for any of the following acts or omissions on the part of the customer:

(1) Connecting or operating any piping or other facility, including but not limited to, lawn sprinkling on the customer's premises in such a manner as to adversely affect the safety or adequacy of service provided to other customers present or prospective; or

(2) Continuing waste of water by customers after notice from the utility through improper or imperfect pipes, fixtures, or failure to comply with restrictions; or

(3) Failure to comply with the standard terms and conditions contained in this tariff or failure to comply with any state law, or the rules, regulations, orders or restrictions of any governmental authority having jurisdiction.

1.2 Water service shall be restored when the conditions under which such service was discontinued, as specified above, are corrected and upon the payment of the SPECIAL RESTORATION OF SERVICE CHARGE OF \$100.00 FOR EACH RESTORATION.

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EMERGENCY RESPONSE DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED  
SUPPLY (CONTINUED)

2.1 The Company will endeavor to provide a regular and uninterrupted supply of water through its facilities. However, if because of emergencies beyond the control of the Company, including governmental mandate, service is interrupted, irregular, defective or fails, the Company will not be liable for damage or inconvenience resulting therefrom. In the event of an extraordinary demand and/or diminished supply, the Company may restrict the use of water whenever the public welfare may require it and, if necessary, may shut off the water in its mains and pipes. In such cases the Company shall advise its customers by placing a prominent advertisement detailing the conditions and restrictions in a newspaper of general circulation in the utility service area. The notice will state the purpose and probable duration of the restriction or discontinuance. Failure to provide regular and uninterrupted service due to breakdowns is covered under other sections of this tariff.

2.2 The Company may restrict water service during certain periods, where the Company advises the Board of Public Utilities, in order to protect the public water supply, or otherwise to comply with any regulations, orders or decrees issued by the Governor of New Jersey or the Department of Environmental Protection pursuant to the Water Supply Management Act. Such interruptions or restrictions shall be reported to the Department of Environmental Protection and the Board by each utility by the speediest means of communications available, followed by a detailed written report, pursuant to the provisions of N.J.A.C. 14:3-3.9(b), within one week. Thereafter the utility shall provide weekly reports for the duration of the emergency.

2.3 When the supply of water to individual customers is to be shut off or curtailed for failure to comply with emergency water restrictions imposed because of extraordinary demand or diminished supply, the Company shall advise its customers by placing a doortag on the front door of the home of the individual(s) in violation of the restrictions, at least twenty-four (24) hours prior to discontinuance or curtailment, or by giving another form of notice acceptable to the Board. The Company will advise business and commercial customers, in writing, by mailing a notice to the customer's billing address. In the case of doortags, they shall be sequentially numbered and include the date, time and nature of the violation and the procedure for restoration of service. All such notices shall be accounted for by the utility.

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RATE SCHEDULE NO. 1  
GENERAL METERED SERVICE - MAIN

APPLICABILITY

Applicable to the use of water supplied through meters to all customers served by the Company, with the exception of the Lawrenceville, Vernon and Walkkill Divisions.

CHARACTER OF SERVICE

Continuous

RATE:

Size of Meter

5/8" or 5/8" x 3/4"

3/4"

1"

1 1/2"

2"

3"

4"

6"

8"

10"

12"

Fixed Service Charge

Amount Per Month

\$ 12.95

19.43

32.38

64.75

103.60

194.25

323.75

647.50

1,036.00

1,489.25

2,784.25

Usage Charge

Rate/1000 Gallons

\$ 4.930

General Metered Consumption

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

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The State of New Jersey enacted Chapter 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This water tax is reflected and included in the above rates.

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 1A  
GENERAL METERED SERVICE – WALLKILL

APPLICABILITY

Applicable to the use of water supplied through meters to all customers served by the Company in the Wallkill Division.

CHARACTER OF SERVICE

Continuous

RATE:

Size of Meter

5/8" or 5/8" x 3/4"

3/4"

1"

1 1/2"

2"

3"

Fixed Service Charge

Amount Per Month

\$ 12.95

19.43

32.38

64.75

103.60

194.25

Usage Charge

Rate/1000 Gallons

\$ 1.122

General Metered Consumption

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

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10 Black Forest Road  
Hamilton, NJ 08691

The State of New Jersey enacted Chapter 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This water tax is reflected and included in the above rates.

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 1B  
GENERAL METERED SERVICE – VERNON

APPLICABILITY

Applicable to the use of water supplied through meters to all customers served by the Company in the Vernon Division.

CHARACTER OF SERVICE

Continuous

RATE:

Size of Meter

5/8" or 5/8" x 3/4"

Fixed Service Charge

Amount Per Month

\$ 11.50

Usage Charge

Rate/1000 Gallons

General Metered Consumption

\$ 4.477

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

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Issued: April 11, 2012

Effective Date: April 11, 2012

By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

The State of New Jersey enacted Chapter 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This water tax is reflected and included in the above rates.

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 1C  
GENERAL METERED SERVICE - LAWRENCEVILLE

APPLICABILITY

Applicable to the use of water supplied through meters to customers served by the Company, within the Lawrenceville Division.

CHARACTER OF SERVICE

Continuous

RATE:

Size of Meter

5/8" or 5/8" x 3/4"  
3/4"  
1"  
1 1/2"  
2"  
3"  
4"

Fixed Service Charge

Amount Per Month

\$ 11.50  
17.25  
28.75  
57.50  
92.00  
172.50  
287.50

Usage Charge

Rate/1000 Gallons

\$ 4.864

General Metered Consumption

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

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Issued: April 11, 2012

Effective Date: April 11, 2012

By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

The State of New Jersey enacted Chapter 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This water tax is reflected and included in the above rates.

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 2  
PRIVATE FIRE PROTECTION SERVICE – ALL EXCEPT BERKELEY

APPLICABILITY:

Applicable to all customers served by the Company for private fire protection service with the exception of the Berkley Division.

CHARACTER OF SERVICE:

The Company will use due diligence at all times to provide customers service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

Sprinkler connections including hoses or hydrants connected to them.

<u>Size of Service</u>	<u>Amount Per Month</u>
3" or less	\$ 95.95
4"	159.92
6"	319.84
8"	511.73
10"	735.61
12"	1,375.28

Private Hydrants \$ 41.09

MINIMUM CHARGE:

None.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills are rendered either monthly in arrears.

SPECIAL PROVISIONS:

Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the water company shall be notified at least 72 hours (3 days) prior to the testing of any fire protection connection; and shall be given the opportunity to witness said test.

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 2  
PRIVATE FIRE PROTECTION SERVICE - ALL EXCEPT BERKELEY (CONTINUED)

Customers desiring a separate service connection for private fire service are required to make separate written application for such service on forms prescribed by the Company. Private fire service installations are made in accordance with the provisions of this tariff regarding the installation of service and connecting pipes and other facilities.

Service lines designated for private fire protection are installed for customers requiring a private fire service to supply sprinkler heads or hose connections. Any connection in which sprinkler heads and / or hose connections are supplied through a domestic service connection are not considered as part of a private fire protection service and shall not be deemed as part of this section (i.e., limited fire protection).

The connection shall be in accordance with the applicable laws including but not limited to those of the BPU, DEP and all federal, state and local agencies

The Company shall not be liable for any loss, injury, casualty or damage resulting from fire or water, or other agency, resulting from the supply or use of water service or the failure thereof, which may occur on account of the installation or presence of a private fire service connection, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises, or connected therewith.

The Company may not discontinue water service unless it has provided written notice giving the customer at least thirty (30) days notice prior to the proposed discontinuance. However, in case of fraud, illegal use, or when it is clearly indicated that the customer is preparing to leave, immediate payment of accounts may be required, and service may be discontinued without further notice.

When hydrants are attached between the main and the meter, a charge per hydrant will be made. The installation and maintenance of fire hydrants and the supplying of water through such hydrants is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire.

No additional charge shall be made for water used in testing or for fire. However, should it be determined by the water company that water is being, or has been, used through a fire protection connection for other than fire protection or testing purposes, the water company shall have the right to charge for the water used based on its "General Metered Service" tariff and to order said unauthorized use to cease immediately subject to the termination of the service.

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Effective Date: April 11, 2012

RATE SCHEDULE NO. 2A  
PRIVATE FIRE PROTECTION SERVICE - BERKLEY

APPLICABILITY:

Applicable to all customers served by the Company for private fire protection service in the Township of Berkeley, Ocean County.

CHARACTER OF SERVICE:

The Company will use due diligence at all times to provide customers service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

Sprinkler connections including hoses or hydrants connected to them.

<u>Size of Service</u>	<u>Amount Per Month</u>
3" OR LESS	\$ 72.37
4"	120.62
6"	241.24
8"	385.98
Private Hydrants	\$ 41.09

MINIMUM CHARGE:

None.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills are rendered monthly in arrears.

SPECIAL PROVISIONS:

Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the water company shall be notified at least 72 hours (3 days) prior to the testing of any fire protection connection; and shall be given the opportunity to witness said test.

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 2A (CONTINUED)  
PRIVATE FIRE PROTECTION SERVICE – BERKLEY (CONTINUED)

Customers desiring a separate service connection for private fire service are required to make separate written application for such service on forms prescribed by the Company. Private fire service installations are made in accordance with the provisions of this tariff regarding the installation of service and connecting pipes and other facilities.

Service lines designated for private fire protection are installed for customers requiring a private fire service to supply sprinkler heads or hose connections. Any connection in which sprinkler heads and / or hose connections are supplied through a domestic service connection are not considered as part of a private fire protection service and shall not be deemed as part of this section (i.e., limited fire protection).

The connection shall be in accordance with the applicable laws including but not limited to those of the BPU, DEP and all federal, state and local agencies

The Company shall not be liable for any loss, injury, casualty or damage resulting from fire or water, or other agency, resulting from the supply or use of water service or the failure thereof, which may occur on account of the installation or presence of a private fire service connection, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises, or connected therewith.

The Company may not discontinue water service unless it has provided written notice giving the customer at least thirty (30) days notice prior to the proposed discontinuance. However, in case of fraud, illegal use, or when it is clearly indicated that the customer is preparing to leave, immediate payment of accounts may be required, and service may be discontinued without further notice.

When hydrants are attached between the main and the meter, a charge per hydrant will be made. The installation and maintenance of fire hydrants and the supplying of water through such hydrants is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire.

No additional charge shall be made for water used in testing or for fire. However, should it be determined by the water company that water is being, or has been, used through a fire protection connection for other than fire protection or testing purposes, the water company shall have the right to charge for the water used based on its "General Metered Service" tariff and to order said unauthorized use to cease immediately subject to the termination of the service.

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Effective Date: April 11, 2012

RATE SCHEDULE NO. 4  
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY:

This schedule is applicable to all customers served by the Company for public fire within the company franchise, except as noted below:

CHARACTER OF SERVICE:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire. The Company will use due diligence at all times to provide continuous service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

1. Hydrant Charge

For each fire hydrant installed there shall be made an Monthly Fire Protection Charge of:

All Service Areas (Except as noted below)	\$ 54.16
Phillipsburg	48.00
Califon Boro	45.83
Holland Twp Church St	45.83
Holland Twp Fox Hill Dr.	28.33
Upper Freehold Twp	27.50
Bayville	16.67
Fredon Twp	20.83
Alpha Boro	20.83
Yardville	15.92
Wallkill	10.83
Lawrenceville	22.79

2. Terms of Payment

All bills for municipal fire protection shall be rendered net monthly, in arrears, and shall become due and payable FIFTEEN (15) DAYS AFTER THE BILL IS SENT.

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 4  
PUBLIC FIRE PROTECTION SERVICE (CONTINUED)

3. Special Provisions

All hydrants, lead valves, branches and other appurtenances shall be and remain the property of the Company.

Upon application or request by a duly authorized representative of a municipality in the Company's service area, the Company will install fire hydrants for purposes of public fire protection. The locations of such hydrants are selected by agreement between officials of the municipalities and representatives of the Company after careful consideration. Municipalities shall pay the Company a charge for service to public fire hydrants as provided in the applicable rate schedule set forth in this tariff.

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

AQUA NEW JERSEY, INC.  
B.P.U. NO. 17 - WATER

NINTH REVISED SHEET NO. 8  
SUPERSEDING EIGHTH REVISED SHEET NO. 8A

RATE SCHEDULE NO. 5  
THIS SCHEDULE IS NO LONGER BEING USED

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Issued: April 11, 2012

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated  
April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 6  
THIS SCHEDULE IS NO LONGER BEING USED

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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April 11, 2012, in Docket No. WR 11120859.

RATE SCHEDULE NO. 7  
SERVICE CHARGE

TERMINATION AND RESUMPTION OF SERVICE:

For resumption of service after discontinuance of service due to non-payment, and for resetting a meter outside the normal business hours, there shall be a charge of:..... \$50.00

BAD CHECK CHARGE:

For the receipt of a negotiable instrument from a customer in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Company shall charge a handling charge equal to the costs incurred by the Company from the financial institution.

NON-STANDARD METER CONNECTION:

For metered connections which are set up for the temporary, short term sale of water such as to contractors, lawn care specialists, etc.; the Company shall charge a \$25.00 fixed service charge plus a charge for the water taken based on its "General Metered Service" tariff. The Company shall have the right to designate where, how, when and if such water may be obtained. Anyone being given permission to obtain water in such a manner must have in place a mechanism acceptable to the Company that will assure against the backflow of water into the Company's system.

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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RATE SCHEDULE NO. 8  
WATER SOLD FOR RESALE ONLY

APPLICABILITY:

Applicable to water sold for resale only, within all territories served by the Company and which is exempt from the water tax as established by enactment of Chapter 443 of the Laws of New Jersey 1983.

CHARACTER OF SERVICE:

Continuous.

RATE:

Size of Meter

5/8" or 5/8" x 3/4"

3/4"

1"

1 1/2"

2"

3"

4"

6"

8"

10"

12"

Fixed Service Charge

Amount Per Month

\$ 12.95

19.43

32.38

64.75

103.60

194.25

323.75

647.50

1,036.00

1,489.25

2,784.25

Usage Charge

Rate/1000 Gallons

General Metered Consumption

\$ 4.920

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered water service will be rendered monthly in arrears.

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Issued: April 11, 2012

Effective Date: April 11, 2012

By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

RIDER ED  
ECONOMIC DEVELOPMENT PROGRAM

APPLICABILITY

Customers receiving service under Rate Schedules No. 1 and No. 2

CHARACTER OF SERVICE

Commitments for service under third provision will be made available to qualifying customers.

CREDIT

A credit equal to 65% of the eligible portion of a customer's consumption charge(s) as described below for the newly constructed, leased or purchased space, as determined by AQUA NEW JERSEY, INC., will be applied to the customer's monthly water bills for the first year, decreasing to 45% in the second year, 25% in the third year, 10% in the fourth year and no reduction in subsequent years. The credit must commence within nine months after receiving written commitment from AQUA NEW JERSEY, INC. for Economic Development Program. In no case shall application of this Service result in a negative charge for consumption.

For new customers, the credit shall apply to all consumption subject to certain caps as measured by AQUA NEW JERSEY, INC. A new customer, for purposes of this Service, shall be defined as a customer who has not previously received water from AQUA NEW JERSEY, INC. within the previous two years, or whose newly leased or purchased space is separately metered.

For existing customers, the credit shall apply only to that consumption, as measured by AQUA NEW JERSEY, INC., which is in excess of the highest comparable consumption during the most recent 10 year period without such expansion. Existing customers shall also be subject to the caps on eligible consumption. An existing customer for purposes of this Service, shall be defined as a customer whose newly leased or purchased space is not separately metered from the existing service.

The Company reserves the right, after proper notification to the Board of Public Utilities, to cancel this tariff at any time for new applicants. The Company also reserved the right to determine the bona fide nature of any applicant wishing to utilize this tariff. This tariff shall be open for a minimum of two years subject to the caps on eligible consumption.

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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RIDER ED  
ECONOMIC DEVELOPMENT PROGRAM (CONTINUED)

ADDITIONAL CREDIT

An additional credit of 5% per year for the first four years will be added to the above credit for all its customers who qualify for the Economic Development Program and are also in a "priority location" (Urban Enterprise Zones) as defined by the New Jersey Economic Development Authority. The credit would be based on the same parameters as above and equate to a 70% credit for the first year, 50% for the second year, 30% for the third year, and 15% for the fourth and final year.

ELIGIBILITY

Each customer will be required to sign an Application for Economic Development Service including an estimate of additional consumption. The customer will also be required to participate in a conservation audit performed by the Company. The customer must remain on the same rate schedule as in the base year period throughout the four-year term of the program. AQUA NEW JERSEY, INC., upon verification of eligibility, will provide the customer with a written commitment for Economic Development Program Service.

To be eligible, a customer must lease or purchase new or vacant space for manufacturing, retail, research and development, office or warehousing. The effective date of the lease or purchase must be after the date of this rate schedule. The total additional leased or purchased building space must equal or exceed 2,000 square feet.

Qualifying vacant building space must be vacant for a minimum of six months, as determined by AQUA NEW JERSEY, INC., prior to receiving a commitment for the Economic Development Program.

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10 Black Forest Road  
Hamilton, NJ 08691

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RIDER ED  
ECONOMIC DEVELOPMENT PROGRAM (CONTINUED)

Customer must be adding at least two permanent full-time employees (owner included) to their payroll at the site receiving Economic Development Program Service. Relocation or consolidation of employees based in AQUA NEW JERSEY, INC.'s service territory without employment growth, will not qualify. Employment growth will be confirmed by AQUA NEW JERSEY, INC. in conjunction with the New Jersey Department of Labor and/or affidavit from the customer. AQUA NEW JERSEY, INC. reserves the right, at its discretion, to periodically verify employment increases and sustained level of employment. If after verification the required employment level has not been sustained, Rider ED will no longer be applicable.

The Company reserves the right, after proper notification to the Board of Public Utilities, to cancel this tariff at any time for new applicants. The Company also reserves the right to determine the bona fide nature of any applicant wishing to utilize this tariff. This tariff shall be open for a minimum of two years subject to the caps on eligible consumption.

LIMITATIONS OF SERVICE

This service is not available to federal, state, county or local government or governmental entities. In addition, the Company shall limit eligibility into the pilot economic development program so that the following total maximum consumption factors should not be exceeded:

- a) The Company shall limit its economic development discounts so that, over a period of 12 consecutive months, to be measured at the end of each month, the Company sells no more than 52 million gallons under the Economic Development Rider. If the 52 million gallon cap is exceeded in any 12 month period, then the Company shall immediately cease accepting new applicants under the Economic Development Rider.
- b) There shall be a cap on the discount for all water sold per month to any individual customer as follows:
  - i) no more than 15,000 gallons per month shall be subject to discount under the Economic Development Rider for customers having a meter size of less than one inch.
  - ii) no more than 30,000 gallons per month shall be subject to discount under the Economic Development Rider for customers having a meter size of one inch, 1.5 inches, or two inches.

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Issued: April 11, 2012  
By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

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RIDER ED  
ECONOMIC DEVELOPMENT PROGRAM (CONTINUED)

iii) no more than 60,000 gallons per month shall be subject to discount under the Economic Development Rider for customers having a meter size of three inches or larger.

However, no eligible customer who is served under this tariff shall be denied the full benefit of the four year duration of the discounts under this pilot program.

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Hamilton, NJ 08691

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RATE SCHEDULE NO. 9  
NON-TREATED AND NON-POTABLE METERED SERVICE  
LIBERTY ROAD WELL - LOPATCONG TOWNSHIP GOLF COURSE

APPLICABILITY

Applicable to the use of non-treated and non-potable water supplied through a meter to the Lopatcong Township Golf Course for irrigation purposes only.

CHARACTER OF SERVICE

Continuous

RATE:

Size of Meter

4"

Fixed Service Charge

Amount Per Month

\$ 358.72

Usage Charge

Rate/1000 Gallons

\$ 0.986

All Consumption

Peak Electrical Demands Surcharge – the surcharge for all peak electrical use will be passed on directly to the specific user.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

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Issued: April 11, 2012

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated April 11, 2012, in Docket No. WR 11120859.

AQUA NEW JERSEY, INC.  
B.P.U. NO. 17 – WATER

FIFTH REVISED SHEET NO. 17  
SUPERSEDING FOURTH REVISED SHEET NO. 17

RATE SCHEDULE NO. 10  
THIS SCHEDULE IS NO LONGER BEING USED

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Issued: April 11, 2012

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By: William B. Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated  
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# Exhibit B

**Aqua New Jersey, Inc.**  
Rate Counsel (2nd) Revised Settlement Rates  
and Proof of Revenue

	Billing Determinants	Present Rate	Present Revenue	Settlement Rate	Settlement Revenue	% Increase
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Metered Sales</b>						
<u>Main</u>						
Fixed Usage	4,011,831	\$4.74045	\$8,317,956 \$19,017,884	\$4.93000	\$8,979,058 \$19,778,327	7.95% 4.00%
<u>Lawrenceville</u>						
Fixed Usage	173,955	\$4.51410	\$391,951 \$785,250	\$4.86400	\$548,838 \$846,117	40.03% 7.75%
<u>Walkill</u>						
Fixed Usage	11,634	\$1.01000	\$64,307 \$11,750	\$1.12200	\$64,958 \$13,053	1.01% 11.09%
Allowance	15,010	\$0.00000	\$0	\$1.12200	\$16,841	
<u>Vernon</u>						
Fixed Usage	12,095	\$3.72000	\$27,736 \$44,993	\$4.47700	\$28,152 \$54,149	1.50% 20.35%
<u>Bulk</u>						
Fixed Usage (included in Main)			\$5,760		\$3,108	-46.04%
<u>Raw Water</u>						
Fixed Usage	7 19,587	\$332.40 \$0.90000	\$2,327 \$17,628	\$358.72 \$0.98600	\$2,511 \$19,313	7.92% 9.56%
<u>Oth. Water Sales</u>						
Main	34,773	\$4.06439	\$141,331	\$4.93000	\$171,431	21.30%
Lawrenceville	4,137	\$3.85279	\$15,939	\$4.93000	\$20,395	27.96%
<b>Total Metered</b>			\$28,844,813		\$30,546,252	5.90%
<b>Public Fire</b>						
<u>Northern</u>						
Phil. Subrbn	4,908	\$54.16	\$265,817	\$54.16	\$265,817	0.00%
Phil. Town.	2,520	\$48.00	\$120,960	\$48.00	\$120,960	0.00%
Californ	312	\$45.83	\$14,299	\$45.83	\$14,299	0.00%
Calif. Lebanon	12	\$54.16	\$650	\$54.16	\$650	0.00%
Holland, Church	240	\$45.83	\$10,999	\$45.83	\$10,999	0.00%
Holland, Fox Hill	48	\$28.33	\$1,360	\$28.33	\$1,360	0.00%
Alpha Boro.	12	\$20.83	\$250	\$20.83	\$250	0.00%
Fredon Town.	234	\$20.83	\$4,874	\$20.83	\$4,874	0.00%
<u>Central</u>						
Upper Freehold	516	\$27.50	\$14,190	\$27.50	\$14,190	0.00%
Other Central	13,728	\$54.16	\$743,508	\$54.16	\$743,508	0.00%
<u>Southern</u>						
All Hydrants	11,004	\$54.16	\$595,977	\$54.16	\$595,977	0.00%
<u>Eastern</u>						
Bayville	3,060	\$16.67	\$51,010	\$16.67	\$51,010	0.00%
Lawrenceville	2,796	\$22.79	\$63,721	\$22.79	\$63,721	0.00%
Walkill	504	\$10.83	\$5,458	\$10.83	\$5,458	0.00%
<b>Total Public</b>	\$39,894		\$1,893,074		\$1,893,074	0.00%

**Aqua New Jersey, Inc.**  
 Rate Counsel (2nd) Revised Settlement Rates  
 and Proof of Revenue

Billing Determinants	Present Rate	Present Revenue	Settlement Rate	Settlement Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
<b>Private Fire</b>						
<i>Non-Eastern</i>						
Hydrants	1,665	\$39.71	\$66,117	\$41.09	\$68,415	3.48%
3 or less	72	\$80.56	\$5,800	\$95.95	\$6,908	19.10%
4"	1,377	\$134.27	\$184,890	\$159.92	\$220,210	19.10%
6"	1,874	\$301.72	\$565,423	\$319.84	\$599,380	6.01%
8"	697	\$536.30	\$373,801	\$511.73	\$356,676	-4.58%
10"	168	\$838.02	\$140,787	\$735.61	\$123,582	-12.22%
12"	12	\$1,206.87	\$14,482	\$1,375.28	\$16,503	13.95%
subt	4,200		\$1,351,301		\$1,391,675	2.99%
<i>Eastern</i>						
Hydrants	0	\$39.71	\$0	\$41.09	\$0	-
3 or less	12	\$49.91	\$599	\$72.37	\$868	45.00%
4"	60	\$83.18	\$4,991	\$120.62	\$7,237	45.01%
6"	48	\$166.38	\$7,986	\$241.24	\$11,580	44.99%
8"	36	\$332.75	\$11,979	\$385.98	\$13,895	16.00%
subt			\$25,555		\$33,580	31.40%
Total Private			\$1,376,856		\$1,425,255	3.52%
Total Rate Revenue			<b>\$32,114,743</b>		<b>\$33,864,581</b>	5.45%

**Aqua New Jersey, Inc.**  
 Rate Counsel (2nd) Revised Settlement Rates  
 and Proof of Revenue

Billing Determinants	(1)	Present Rate (2)	Present Revenue (3)	Settlement Rate (4)	Settlement Revenue (5)	% Increase (6)
<b>DETAIL</b>						
<b>Fixed Charges</b>						
<i>MAIN</i>						
5/8"	496,979	\$12.00	\$5,963,748	\$12.95	\$6,435,878	7.92%
3/4"	41,034	\$18.00	\$738,612	\$19.43	\$797,291	7.94%
1"	12,186	\$30.00	\$365,580	\$32.38	\$394,583	7.93%
1 1/2"	3,943	\$60.00	\$236,580	\$64.75	\$255,309	7.92%
2"	6,131	\$96.00	\$588,576	\$103.60	\$635,172	7.92%
3"	424	\$180.00	\$76,320	\$194.25	\$82,362	7.92%
4"	235	\$300.00	\$70,500	\$323.75	\$76,081	7.92%
6"	209	\$600.00	\$125,400	\$647.50	\$135,328	7.92%
8"	144	\$960.00	\$138,240	\$1,036.00	\$149,184	7.92%
10"	12	\$1,200.00	\$14,400	\$1,489.25	\$17,871	24.10%
12"	0	\$1,500.00	\$0	\$2,784.25	\$0	85.62%
Subtotal			\$8,317,956		\$8,979,058	7.95%
<i>Lawrenceville</i>						
5/8"	5826	\$8.21	\$47,831	\$11.50	\$66,999	40.07%
3/4"	25214	\$12.32	\$310,636	\$17.25	\$434,942	40.02%
1"	418	\$20.53	\$8,582	\$28.75	\$12,018	40.04%
1 1/2"	53	\$41.05	\$2,176	\$57.50	\$3,048	40.07%
2"	241	\$65.68	\$15,829	\$92.00	\$22,172	40.07%
3"	36	\$123.16	\$4,434	\$172.50	\$6,210	40.06%
4"	12	\$205.26	\$2,463	\$287.50	\$3,450	40.07%
Subtotal			\$391,951		\$548,838	40.03%
<i>Walkill</i>						
5/8"	4272	\$10.69	\$45,668	\$12.95	\$55,322	21.14%
3/4"	36	\$42.77	\$1,540	\$19.43	\$699	-54.57%
1"	204	\$64.16	\$13,089	\$32.38	\$6,606	-49.53%
1 1/2"	0	\$64.16	\$0	\$64.75	\$0	0.92%
2"	0	\$200.50	\$0	\$103.60	\$0	-48.33%
3"	12	\$334.16	\$4,010	\$194.25	\$2,331	-41.87%
Subtotal			\$64,307		\$64,958	1.01%
<i>Bulk</i>						
Fixed Charge	12	\$480.00	\$5,760			
3/4"	12			\$19.43	\$233	
1"	12			\$32.38	\$389	
2"	24			\$103.60	\$2,486	
Subtotal			\$5,760		\$3,108	-46.04%
<i>Vernon</i>	2448	\$11.33	\$27,736	\$11.50	\$28,152	1.50%

Source: Billing Determinants tie to PF-9.

**Aqua New Jersey, Inc.**  
 Rate Counsel (2nd) Revised Settlement Rates  
 and Proof of Revenue

Billing Determinants	Present Rate	Present Revenue	Settlement Rate	Settlement Revenue	% Increase
(1)	(2)	(3)	(4)	(5)	(6)

<u>Summary</u>					
Metered Sales		\$28,844,813		\$30,546,252	5.90%
Public Fire		\$1,893,074		\$1,893,074	0.00%
Private Fire		\$1,376,856		\$1,425,255	3.52%
Miscellaneous		\$160,462		\$160,462	0.00%
Antennae		<u>\$745,519</u>		<u>\$745,519</u>	0.00%
<b>TOTAL</b>		<b>\$33,020,724</b>		<b>\$34,770,562</b>	<b>5.30%</b>

Target	\$34,770,724
Difference	(\$162)

Monthly Bill Impacts  
 (5/8" meter and 6,000 g./mo.)

	Present	Settlement	Increase	%
Main	\$40.44	\$42.53	\$2.09	5.16%
Lawrenceville	\$35.29	\$40.68	\$5.39	15.27%
Wallkill	\$14.06	\$19.68	\$5.62	39.97%
Vernon	\$33.65	\$38.36	\$4.71	14.00%

# Exhibit C

**AQUA NEW JERSEY, INC.**  
**Approved Depreciation Rates**

**Exhibit C**

<b>Account #</b>	<b>Description</b>	<b>Depr. Rate</b>
301	Organization	0.00%
302	Franchise	0.00%
303	Misc. Intangible	0.00%
310	Land & Rights	0.00%
311	Structures	1.35%
314	Wells	2.65%
315	Infil. Gall. & Tun.	1.59%
316	Supply Mains	3.09%
317	Other Water Source	3.03%
320	Land & Rights	0.00%
321	Structures	1.35%
322	Boiler Plant	0.00%
323	Other Power Prod	5.03%
325	Electrical Pumping	1.67%
326	Diesel Pumping	2.17%
328	Other Pumping	2.17%
330	Land & Rights	0.00%
331	Structures	1.65%
332	Water Treatment	1.49%
340	Land & Rights	0.00%
341	Structures	1.74%
342	Dist Res & Stand	1.62%
343	Main	2.15%
345	Services	3.87%
346	Meters	6.16%
347	Meter Install	5.30%
348	Hydrants	3.00%
349	Other T & D	1.52%
389	Land & Rights	0.00%
390	Structures	1.54%
391	Office Furn. & Fix	6.20%
392	Transportation	0.69%
3921	Vehicles - Lease	0.00%
393	Stores	0.91%
394	Tool Shop & Garage	2.87%
395	Laboratory	5.83%
396	Power Operated	1.11%
397	Communication	0.00%
398	Misc.	0.00%
399	Misc./Computer	16.18%
	Contributions in Aid of Construction & CIAC & CAC Customer Advances	<u>2.30%</u>

# Exhibit D

# EXHIBIT D

## **Service Company Agreement**

## **Agreement**

Agreement dated as of XXXXX\_\_\_\_, 2012, between Aqua Services, Inc. a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal place of business located at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter "Service Company"), and Aqua New Jersey, Inc. (hereinafter referred to individually as "Aqua New Jersey"), and collectively hereinafter referred to jointly as the "Parties" or individually as a "Party".

### **RECITALS**

1. WHEREAS, both Service Company and Aqua New Jersey are direct or indirect subsidiaries of Aqua America, Inc., a Pennsylvania corporation (hereinafter "Aqua America"); and
2. WHEREAS, Aqua New Jersey has been organized for and is presently engaged in the business of providing potable water and/or wastewater services as a public utility in the State of New Jersey; and;
3. WHEREAS, Service Company maintains an organization whose officers and employees are familiar with the water and wastewater utility business, including the business and operations Aqua New Jersey, and have experience and expertise in management, financing, accounting, customer services, legal affairs, engineering, rates and regulatory matters and the operation of water and wastewater utilities. The officers and employees of Service Company are qualified to aid, assist and advise Aqua New Jersey in its business operations through the services to be performed under this Agreement; and
4. WHEREAS, Aqua New Jersey is entering in to this Agreement with Service Company to specifically define the types of services available to it as set forth in Exhibit A hereto and made a part hereof; and

5. WHEREAS, Service Company as entered or proposes to enter to enter into agreements similar to this agreement with other affiliated water companies that are direct or indirect subsidiaries of Aqua America (hereinafter collectively "Water Companies"); and
6. WHEREAS, Service Company may engage or subcontract with other companies or persons, including their affiliated companies, to provide portions of the services hereunder; and
7. WHEREAS, the services to be rendered under this Agreement are to be rendered by Service Company to Aqua New Jersey at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, Service Company and Aqua New Jersey agree as follows:

**ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED**

1.1 During the term of this agreement as set forth in Article V and upon the terms and conditions hereinafter set forth, Service Company will provide corporate management services for Aqua New Jersey. In addition to the management services provided by the officers and employees of Service Company, the officers and employees of Service Company shall furnish to Aqua New Jersey the Accounting, Administration, Communication, Corporate Secretarial, Customer Services, Engineering, Financial, Human Resources, Information Services, Operation, Rates and Regulatory, Risk Management, Water Quality, Legal, Purchasing and Fleet Services as set forth on Exhibit A attached hereto, together with such other services as Aqua New Jersey and Service Company may agree; provided, however, that Aqua New Jersey may perform any such services with its own personnel or engage another company or person to provide those services on its behalf. Service Company may engage or subcontract with another company or person to provide such services on its behalf. If Service Company engages other affiliates of Aqua America to provide any of the services hereunder, such services shall be charged to Aqua New Jersey on the same basis as the services provided by the Service

Company.

1.2 Service Company shall employ qualified officers and employees to provide the services hereunder and those persons shall be available to serve as officers of Aqua New Jersey.

## **ARTICLE II. PAYMENT FOR SERVICES**

2.1 In consideration for the services to be rendered by Service Company as herein provided, Aqua New Jersey agrees to pay to Service Company the cost of the services provided to it, determined as provided in this Article II and in Article III.

2.2 The costs for service rendered by Service Company personnel directly for Aqua New Jersey shall be charged to Aqua New Jersey based on such personnel's time sheets. The costs of services to Aqua New Jersey that are rendered in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular New Jersey Water Company, shall be allocated among all Water Companies so served, or, in the case of costs with respect to services rendered to a particular group of Water Companies (including New Jersey Water Companies), among the members of such group, based on the ratio of the number of customers served at the immediately preceding year end by Aqua New Jersey to the total number of customers served at the immediately preceding calendar year end by such Water Companies or group of Water Companies. For purposes of this calculation, any customer of Aqua New Jersey that receive both water and wastewater service from Aqua New Jersey, shall be counted as 1.5 customers.

2.3 The amount for a Service Company employee's costs to be billed shall be computed on the employee's total labor rate, including base pay and other compensation, payroll taxes and fringe benefits (calculated on a per hour basis), plus a general overhead factor as set forth in Article III.

2.4 All direct expenses of Service Company incurred in connection with services rendered by Service Company which can reasonably be identified and related exclusively to Aqua New Jersey, shall be charged directly to Aqua New Jersey.

### **ARTICLE III. ALLOWANCE FOR OVERHEAD**

3.1 In determining the cost for services rendered by the Service Company to Aqua New Jersey as herein provided, there shall be added to the base pay rate of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the overhead of Service Company, as defined below, allocable to each such officer or employee. The overhead shall be calculated each year and shall be based on the ratio of the total overhead of the Service Company for the year to the total salaries of the employees for whose service charges are to be made to the Water Companies, including Aqua New Jersey. No general overhead or other markups by the Service Company shall be added to costs incurred for services of consultants or other third parties employed by Service Company.

3.2 The term "overhead" shall include, but not limited to:

- (a) building costs, lease costs, depreciation, utilities, and other costs associated with office space and equipment, and
- (b) taxes other than payroll taxes.

### **ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS**

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Aqua New Jersey for all amounts due from Aqua New Jersey for services and expenses for such month, computed pursuant to Article II and Article III. Alternatively, Service Company may require any other affiliated company from which it procures services for Aqua New Jersey to bill Aqua New Jersey for such services and related expenses on the same basis as set forth in Articles II and Articles III. Such bills shall be in sufficient detail to show the charge for each service rendered. All amounts shall be paid by Aqua New Jersey within thirty (30) days after the Water Company's receipt of the bill.

4.2 Service Company agrees to keep its book and records, and to require any other affiliated

company providing services to Aqua New Jersey hereunder to keep their books and records, available at all times for inspection by representatives of Aqua New Jersey or by regulatory bodies having jurisdiction over Aqua New Jersey during normal business hours and upon reasonable advance notice.

4.3 Service Company shall at any time, upon request of Aqua New Jersey, furnish any and all information required by Aqua New Jersey with respect to the services rendered by Service Company or any affiliated companies hereunder, the costs thereof, and the allocation of such costs among the Water Companies.

#### **ARTICLE V. TERM OF AGREEMENT**

5.1 This Agreement shall become effective as of the later of (a) the date first set forth above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction over this agreement. Upon becoming effective, this Agreement shall supersede all prior agreements, written or oral, or shall terminate on the date this Agreement becomes effective. This Agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto thirty day's notice in writing; provided, however, that this Agreement shall terminate as of the date Aqua New Jersey or Service Company ceases to be an affiliate of Aqua America.

5.2 Upon termination of the Agreement without cause by Aqua New Jersey, Service Company shall continue to provide services to Aqua New Jersey at Aqua New Jersey's request for a period of no more than sixty (60) days from and after the effective date of the termination to facilitate Aqua New Jersey's transition to another service provider. Such transition shall be provided on the same terms and conditions as set forth in this Agreement, including compensation.

#### **ARTICLE VI. BREACH**

6.1 Either Party to the Agreement may terminate this Agreement upon material breach by the other Party. The non-breaching Party shall provide written notice of such breach to the other Party by

certified mail, setting forth in detail the alleged failure and/or deficiency. If such breach is not corrected by the breaching Party within thirty (30) days from receipt of written notice by certified mail, this Agreement shall thereupon terminate.

**ARTICLE VII. OTHER AGREEMENTS**

7.1 It is understood by Aqua New Jersey that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with Aqua America to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

**ARTICLE VIII. INFORMATION EXCHANGE**

8.1 Aqua New Jersey shall provide such information as required by Service Company for Service Company to perform its obligations hereunder. Service Company agrees on behalf of it and its employees and contractors that it will maintain such information as confidential and not disclose such information third parties. Service Company's obligation of confidentiality will not apply to information which (a) is or becomes available to the public other than as a result of a disclosure by Service Company or its employees or contractors, (b) was in Service Company's possession and obtained on a non-confidential basis prior to its disclosure by Aqua New Jersey or (c) becomes available to the Service Company on a non-confidential basis from a person or entity other than Aqua New Jersey who Service Company does not know or have reason to know is under an obligation of confidentiality to Aqua New Jersey.

**ARTICLE IX. GENERAL PROVISIONS**

9.1 JOINT OBLIGATIONS OF THE PARTIES. Service Company and Aqua New Jersey agree to cooperate in all matters that are the subject of this Agreement.

9.2 ARBITRATION. It is the stated purpose and goal of both Parties at all times to resolve any disputes and reach agreements by good faith negotiation between the Parties, without recourse to

arbitration or other legal actions. In the event, however, than any such dispute cannot be settled through negotiation, either Party may request that the matter(s) in dispute be referred to arbitration. The demand for arbitration must be submitted to the American Arbitration Association within sixty (60) calendar days after the date of such request, in which case the arbitration shall be conducted at a mutually agreed upon location, in accordance with the rules and procedures then existing under the Commercial Arbitration rules of the American Arbitration Association, provided that notwithstanding anything to the contrary contained in such Rules the following shall apply: The arbitration board shall consist of a single arbitrator. The Parties shall endeavor to agree upon the single arbitrator. If the Parties fail to agree on a single arbitrator within twenty (20) business days, the arbitrator shall be selected by the American Arbitration Association or otherwise in accordance with such Rules. After the appointment of the arbitrator, the arbitrator shall meet as necessary for the purpose of reaching a determination in the dispute, and the decision of the arbitrator, submitted in writing, to the Parties shall be final and binding upon both Parties. Judgment upon any decision rendered by arbitrator may be entered in any court having jurisdiction. Each Party shall bear the expense of its own witnesses, and the expenses of the arbitrator and any general expenses of the arbitration shall be borne equally by the Parties.

9.3 FORCE MAJEURE. Neither Party will be in default or otherwise liable for any delay in or failure of its performance hereunder due to any act of God, adverse weather condition, fire, flood, riot, strike, terrorism, accident, war, governmental requirement, inability to secure materials, labor or transportation , cable cut or other cause beyond the reasonable control of the affected party.

9.4 STARDARD OF CARE. Service Company shall perform its services with that degree of care, diligence and professional skill and judgment which is normally exercised by professionals in its industry. Except as otherwise expressly set forth in this Agreement, Service Company makes no warranties, representations or other agreements, expressed or implied with respect to this Agreement and the services provided hereunder. Service Company's entire liability to Aqua New Jersey for any claim,

loss, expense or damage under this Agreement, including any claims for special, incidental, consequential, indirect or punitive damages shall in no event exceed the sums actually paid by Aqua New Jersey to Service Company during the most recent calendar year.

9.5 ASSIGNMENT. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld.

9.6 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

9.7 INDEMNIFICATION.

9.7.1 To the extent allowed by law, Service Company shall defend, indemnify and hold harmless Aqua New Jersey, its officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands judgments, losses, costs, expenses, suite and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of Service Company or its officers, employees, agents, contractors, and subcontractors in connection with services provided pursuant to the terms of this Agreement.

9.7.2 To the extent allowed by law, Aqua New Jersey shall defend, indemnify and hold harmless Service Company, is officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages fines, penalties, claims, demands, judgments, losses, costs, expenses, suit and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of Aqua New Jersey or its officers, employees, agents, contractors, and subcontractors in connection with services provided pursuant to the terms of this Agreement.

9.8 SEVERABILITY. Each provision of the Agreement is severable from the whole, and if one provision is declared invalid, the other provisions shall remain in effect.

9.9 NO WAIVER. Failure by a party to enforce any provision of this Agreement, or the waiver thereof in any instance, shall not be construed as a general waiver of rights.

9.10 NOTICES. Any notice given or made pursuant to this Agreement will be effective only if in writing and delivered in person, by messenger, by overnight delivery, or by certified mail, return receipt to a Party at the address first written above.

9.11 COMPLETE AGREEMENT. The terms of this Agreement constitute the entire agreement between the Parties concerning the subject matter hereof, and this Agreement may be modified only in a writing signed by both Parties.

9.12 TITLES AND HEADINGS. Titles and headings to sections or paragraphs herein are inserted merely for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

9.13 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Service Company and Aqua New Jersey have caused this Agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, as of the day and year first above written.

AQUA NEW JERSEY, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

AQUA SERVICES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT A**

**To**

### **SERVICE AGREEMENT**

Without limitation, services to be provided by the Service Company will include the following:

A. Accounting and Financial Services: Service Company will assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulation of governmental authorities having jurisdiction over Aqua New Jersey and will review Aqua New Jersey' monthly financial reports, annual reports and other reports, including those to any governmental authorities. The Service Company will advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. The Service Company will assist in the maintenance of accounting records as required by Aqua New Jersey. When appropriate, Service Company will cooperate and consult with Aqua New Jersey's independent certified public accountants. Service Company will provide assistance to Aqua New Jersey in the preparation of all financial reports. The Service Company will also provide services related to accounts payable, payroll, consolidation, SEC reporting/filing, budgeting and long-range planning.

Service Company will assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company will prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Aqua Utilities Florida.

B. Administration: Service Company will make qualified employees available to perform or

assist in the performance of Aqua New Jersey' corporate activities. Those employees will keep themselves informed on Aqua New Jersey's operations. They will make recommendations to Aqua New Jersey for operating expenditures and for additions to and improvements of property, plant and equipment. They will keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Aqua New Jersey; and advise Aqua New Jersey of such developments and conditions to the extent that they may be important to Aqua New Jersey. Service Company will provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Aqua New Jersey and submit reports thereon.

C. Communications: Service Company will recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. Corporate Secretarial: Service Company will maintain, in such places and manner as may be required by applicable law, documents of Aqua New Jersey, such as minute books, charters, by-laws, contracts, deeds and other corporate records. It will maintain, or arrange for the maintenance of, records of stockholders of Aqua New Jersey and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company will review and may assist in the preparation of documents and reports required by Aqua New Jersey such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. Customer Service and Billing: Service Company may provide customer service and billing services to Aqua New Jersey, including live and automated telephone service to customers, the rendering of periodic bills to customers based on Aqua New Jersey' tariffs, collections, assisting customers with water service changes, resolving customer disputes and remittance processing.

F. Engineering: Service Company may provide engineering consulting regarding, and provide engineering services in connection with, the design, permitting and constructing of Aqua New Jersey' facilities.

Service Company may conduct facility planning, hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data, as needed to support these engineering services. It may assist Aqua New Jersey in the protection of Aqua New Jersey's properties by periodic inspection of their structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company may also include the conduct of field investigations as necessary to obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Aqua New Jersey' sources of supply, treatment plants, pumping stations, distribution systems, and such other facilities as Aqua New Jersey may request. Service Company may provide a materials management program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Aqua New Jersey and assist in the evaluation of new and existing products and application procedures.

G. Financial: Service Company will assist in the development and implementation of financing programs for Aqua New Jersey, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advice concerning arrangements for the sale of securities; and assistance in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. Service Company will prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company will assist Aqua New Jersey in treasury and cash management functions, including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

H. Fleet Services: Service Company may provide various fleet management services, including assistance with vehicle ordering and leasing, fuel card management, vehicle maintenance support and oversight, vehicle signage, vehicle titles and driver training.

I. Human Resources: Service Company will assist in obtaining qualified personnel for Aqua New Jersey; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units, if any, representing Aqua New Jersey' employees. Service Company will recommend and/or carry out training programs for the development of personnel and advise and assist Aqua New Jersey regarding personnel. It will also advise and assist Aqua New Jersey in regard to group employee insurance, pension and benefit plans and in drafting or revising of those plans when required. It will provide advice regarding employment laws and procedures and controls to for compliance with such laws.

J. Information Systems: Service Company shall make available to Aqua New Jersey electronic data processing systems, networks, applications and services. The Service Company will design, implement and maintain a computer network, data communication system, database and applications services, desktop and laptop computers, and peripheral equipment along with periodic upgrades, data backups and recovery procedures for the benefit of Aqua New Jersey.

K. Operation: Service Company may develop and assist in the implementation of operating procedures to promote the efficiencies and economic operation of Aqua New Jersey. Periodic operational reviews may be performed by Service Company personnel and recommendations for improvements will be reported to Aqua New Jersey.

L. Rates and Regulatory: Service Company personnel will make recommendations for changes in rates, tariffs, rules and regulations and will assist Aqua New Jersey in the conduct of proceedings before, and in their compliance with the rulings of, regulatory bodies having jurisdiction over Aqua New Jersey' operation. These personnel will keep abreast of economic and regulatory developments and conditions

that may affect Aqua New Jersey and advise Aqua New Jersey of developments and conditions to the extent that they may be important to Aqua New Jersey. Service Company Rates and Regulatory personnel will assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by Aqua New Jersey and their respective regulatory commissions. Service Company will also provide qualified personnel to testify on behalf of Aqua New Jersey as required during any regulatory proceedings.

M. Risk Management: Service Company will provide a risk management program to review the exposure to accidental loss, recommend methods of protection, either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. Service Company will also supervise investigation procedures, review claims and negotiation and assist in, and evaluate proposals for, settlement at the request of Aqua New Jersey. It will assist in the establishment of safety and security programs for Aqua New Jersey.

N. Water Quality: Service Company will provide advice and consulting to assist Aqua New Jersey in complying with water quality standards of governmental agencies. It will assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing technical assistance and general direction for Aqua New Jersey's personnel.

It will also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Aqua New Jersey.

O. Legal: Service Company will provide legal services, including legal advice and representation on legal matters. The Service Company will also provide oversight of outside counsel retained to represent Aqua New Jersey.

P. Purchasing, Contracts and Sales: Service Company will (a) act as purchasing agent for Aqua New Jersey, so far as it is feasible in the purchase of supplies, materials and equipment for which Aqua

New Jersey may take a requisition; (b) endeavor to secure prompt shipment and deliver thereof; (c) and give Aqua New Jersey the full benefit of all cash, trade and quantity discounts obtained with respect to items ordered for Aqua New Jersey; (d) keep in touch with market conditions and endeavor to recommend purchases at advantageous times; (e) negotiate purchases and sales of real estate and the terms of leases; and (f) analyze quotations or competitive bids of suppliers or contractors submitted to Aqua New Jersey and make recommendations relative thereto.

# Exhibit E

AQUA NEW JERSEY, INC.  
 RATE BASE COMPONENT  
 UNAMORTIZED ACQUISITION ADJUSTMENT

To recognize the "unamortized portion of acquisition adjustments

Test Year Balance (117,691)  
 Pro Forma Balance (118,887)  
 Adjustment \$ (1,196)

	Berkeley	Bear Brook	Lakeland	Deep Well	Bunnvale	Harkers Hollow	Bloomsbury	Lawrenceville	Vernon	Walkkill	TOTALS
Total Acq. Adj.	\$ 824,907	\$ (799,549)	\$ 170,000	\$ (8,441)	\$ (14,832)	\$ 17,000	\$ (229,412)	\$ 423,830	\$ (55,401)	\$ (292,215)	\$ 35,887
Amortization Months	180	180	180	180	180	180	180	180	180	180	180
Monthly Amortizations	4,583	(4,442)	944	(47)	(82)	94	(1,275)	2,355	(308)	(1,623)	199
Unamortized Acq. Adj. 4/30/2012	\$ 531,845	\$ (515,264)	\$ 10,389	\$ (3,189)	\$ (5,274)	\$ 17,000	\$ (229,412)	\$ 423,830	\$ (55,401)	\$ (292,215)	\$ (117,691)
Unamortized Acq. Adj. 10/31/2012	\$ 504,348	\$ (488,613)	\$ 4,723	\$ (2,908)	\$ (4,779)	\$ 16,433	\$ (221,765)	\$ 409,702	\$ (53,554)	\$ (282,475)	\$ (118,887)