

BID

FOR THE PURCHASE OF THE BOROUGH'S
WATER UTILITY SYSTEM

PRESENTED TO

Borough of High Bridge, New Jersey



NEW JERSEY
AMERICAN WATER



June 14, 2017

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A CD ROM containing the PDF copy of this proposal is attached to back cover

SECTION 1

BID FOR THE ACQUISITION OF THE HIGH BRIDGE, NJ WATER SYSTEM



1. EXECUTIVE SUMMARY

New Jersey-American Water Company, Inc. is pleased to submit this Bid to the Borough of High Bridge for the purchase of the water utility assets. After a review of records made available by the Borough and visits to the High Bridge facilities, we are confident that we can seamlessly incorporate the Borough's assets into our operations.

New Jersey American Water, Inc. is the state's largest water purveyor with total assets of nearly \$3.9 billion and annual revenues of nearly \$725 million reported in 2016. In addition, it is a subsidiary of American Water, the largest publicly traded water services company in the United States (NYSE: AWK) having a market capitalization of close to \$14.0 billion. In addition, both New Jersey-American Water, Inc. and American Water, Inc. are headquartered in New Jersey.

New Jersey American Water is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully incorporating the assets into our service area. Over the past 5 years in New Jersey, we have successfully closed on in excess of \$85 million in water and wastewater acquisitions, incorporating more than 25,000 new customers into our network, including the acquisition of the nearby Environmental Disposal Corporation (EDC) wastewater collection and treatment system serving more than 7,000 customer connections in Somerset County, NJ.

New Jersey American Water is ideally situated to effectively and efficiently serve the residents of High Bridge. Our North Operating Area includes water and wastewater operations in Warren and Hunterdon Counties, serving customers in nearby Washington Borough and Franklin Township. We employ an extensive number of well-equipped, licensed field crews that operate and maintain infrastructure similar to High Bridge's throughout the region. This ensures that the same level of operational efficiency, customer support, and regulatory compliance we already supply to our nearby customers will be provided to High Bridge residents from the first day we assume responsibility for the Borough's system.

As the largest water utility in the state, New Jersey American Water's qualifications to operate the High Bridge system are demonstrated by our successful record of reliably supplying high-quality and reliable water and/or wastewater services to approximately 2.7 million people living in 188 New Jersey municipalities. The company owns, operates and maintains 7 surface water treatment plants, more than 150 ground water treatment facilities and 170 wells, 210 pumping stations, and 180 storage tanks. In addition, we provide contract operations to three municipalities for their water and wastewater systems.

SECTION 2

CHECK LIST OF REQUIRED DOCUMENTS



Failure to provide the following items, as checked, **SHALL** result in your bid being disqualified. These are **MANDATORY** requirements of this bid package:

		<u>Initials</u>
Checklist of Required Documents, signed below	✓ <u> </u>	<u>ADM</u>
Bid Proposal Forms	✓ <u> </u>	<u>ADM</u>
Hard copy of bid proposal on the proposal forms contained in bid package and supporting documentation	✓ <u> </u>	<u>ADM</u>
Bid Bond (Cashier, Certified Check) Deposit	✓ <u> </u>	<u>ADM</u>
Consent of Surety (Letter of Bonding Capability)	✓ <u> </u>	<u>ADM</u>
Power of Attorney	✓ <u> </u>	<u>ADM</u>
Acknowledgement of Addenda (as applicable)	✓ <u> </u>	<u>ADM</u>
Affirmative Action Certification	✓ <u> </u>	<u>ADM</u>
Equal Employment Opportunity	✓ <u> </u>	<u>ADM</u>
Americans With Disabilities Act	✓ <u> </u>	<u>ADM</u>
Disclosure of Ownership	✓ <u> </u>	<u>ADM</u>
Bidders to Visit Site Certification	✓ <u> </u>	<u>ADM</u>
Responsible Bidder Certification	✓ <u> </u>	<u>ADM</u>
False Statement Penalties Certification	✓ <u> </u>	<u>ADM</u>
CD Rom copy of bid proposal on the proposal forms contained in bid package and supporting documentation formatted in PDF	✓ <u> </u>	<u>ADM</u>
Affidavit of Non-Collusion	✓ <u> </u>	<u>ADM</u>
Taxpayer Identification (W-9) Completed	✓ <u> </u>	<u>ADM</u>
Customer Rate Information Sheet	✓ <u> </u>	<u>ADM</u>
Iran Certification	✓ <u> </u>	<u>ADM</u>

EACH REQUIRED ITEM MUST BE INITIALED ON THIS FORM IN THE SPACE PROVIDED. THIS CHECKLIST MUST BE SIGNED AND SUBMITTED WITH THE BID PACKAGE.

New Jersey American Water Company, Inc.
COMPANY / BIDDER'S NAME

June 13, 2017

DATE

AUTHORIZED SIGNATURE

A. D. Marino, Director Business Development

NAME (PRINT)

TITLE

SECTION 3



BOROUGH OF HIGH BRIDGE
BID PACKAGE: SALE OF BOROUGH WATER SYSTEM
OPENING DATE: June 14, 2017 AT 11:00 AM

BID PROPOSAL FORM

BASE BID

THE UNDERSIGNED, as bidder, declares that the only persons or parties interested in the Bid as principals are named; that the Bid is in all respects fair and without collusion or fraud; that he has carefully examined the annexed proposed form of Contract, the Specifications, the Contract Drawings, and the Information for Bidders, that he, or his representative, has made a personal inspection of the site of the proposed work; and that he proposes and agrees that if this Bid is accepted, he will contract with the Borough of High Bridge in the form of contract hereto annexed, to purchase the Borough Water System in accordance with the RFP for the assets described herein:

Lump Sum Payment for the Borough of High Bridge Potable Water System:

Four Million One Hundred and Fifty Thousand Dollars and no cents
and in numbers
\$4,150,000.00

<u>New Jersey American Water Company, Inc.</u>	<u>22-1546642</u>
Company Name	Federal I.D. #
<u>1025 Laurel Oak Drive Voorhees, NJ 08043</u>	
Address	
	<u>Robert G. MacLean</u>
Signature of Authorized Agent	Type or Print Name
	<u>President</u>
	Title
<u>856-346-8200</u>	<u>June 14, 2017</u>
Telephone Number	Date
<u>856-782-2481</u>	<u>Robert.Maclean@amwater.com</u>
Fax Number	E-mail address

SECTION 4



BOROUGH OF HIGH BRIDGE
 BID PACKAGE: SALE OF BOROUGH WATER SYSTEM
 BID OPENING DATE: JUNE 14, 2017 AT 11:00 AM

Bond No.: 36623-TRA-17-02

BID BOND

**BOROUGH OF HIGH BRIDGE BIDDING & CONTRACT REQUIREMENTS
 BID BOND**

New Jersey American Water Company as Principal,
 and Travelers Casualty and Surety Company of America a corporation of the
 State of Connecticut as Surety, are held and firmly bound unto the Borough of High Bridge, as Oblige, in the amount
 of ten percent (10%) of the amount of the base bid, not to exceed \$20,000 for the payment of which Principal and Surety bind
 themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, to this agreement.

Principal has submitted to Oblige a bid to enter into a written contract, for Purchase the Water assets of Borough of High Bridge
 Bid Project Number: _____ Bid Title: Sale of Borough Water System NJ
 in accordance with bidding documents for the project, which contract is by reference made a part hereof and is hereinafter
 referred to as "the Contract".

THE CONDITION OF THIS OBLIGATION is that if Principal, upon acceptance by Oblige of its bid within the period of
 time specified for acceptance, shall comply with all post award requirements as required by the terms of the bid within the
 time specified after date of the Notice of Award, or in the event of the failure to comply with all post award requirements,
 the Principal shall pay the Oblige the amount of this bond as liquidated damages.

Surety hereby agrees that its obligation shall not be impaired by any extensions of time for Oblige's acceptance or
 compliance with post award requirements. Surety hereby waives notice of such extensions.

Signed and sealed this 24th day of May, 2017

<u>New Jersey American Water Company</u> CONTRACTOR	<u>Travelers Casualty and Surety Company of America</u> SURETY
BY: <u>[Signature]</u> SIGNATURE	BY: <u>[Signature]</u> XXXXXXXXXXXX SURETY Terry Ann Gonzales-Selman, Attorney-in-Fact
Title: <u>VP Operations</u>	
ATTEST: <u>[Signature]</u> CORPORATE SECRETARY (Corporations only)	

JURAT (Notary's Statement Authenticating Signature)

STATE OF New York

COUNTY OF New York

I, Migdalia Otero, a Notary Public in and for said county, do hereby certify that

Terry Ann Gonzales-Selman

(INSERT NAME OF ATTORNEY-IN FACT FOR SURETY)

who is personally known to me to be the same person whose name is subscribed to the foregoing instrument on behalf of
 SURETY, appeared before me this day in person and acknowledged respectively, that he/she signed, sealed, and delivered
 said instrument as his/her free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 24th day of May, 2017

My Commission Expires December 8, 2018 Notary Signature [Signature]

MIGDALIA OTERO
 Notary Public State of New York
 No. OT6316321
 Qualified in Kings County
 Commission Expires December 8, 2018

AY 05-04-2017

"The total of the bond shall be subject to forfeiture if Bidder fails to execute its Agreement of Sale with the Seller
 after receiving a Notice of Award and fails to comply with the terms thereof after receipt from Sellers Notice of
 Voter Approval"

SECTION 5



BOROUGH OF HIGH BRIDGE
BID PACKAGE: SALE OF BOROUGH WATER SYSTEM
BID OPENING DATE: JUNE 14, 2017 AT 11:00 AM

CONSENT OF SURETY

A performance bond will be required from the successful contractor on this project, and consequently, all bidders shall submit, with their bid, a Consent of Surety in substantially the following form:

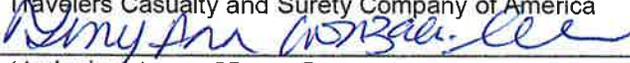
To: Borough of High Bridge
(Owner)

Re: New Jersey American Water Company
(Contractor)

Purchase the Water assets of Borough of High Bridge, NJ
(Project Description)

This is to certify that Travelers Casualty and Surety Company of America
(Surety Company)

will provide to Borough of High Bridge
a performance bond in the full amount of awarded contract in the event that said contractor is awarded a contract for the above project.

New Jersey American Water Company
(Contractor)
Travelers Casualty and Surety Company of America

(Authorized Agent of Surety Company)

May 24, 2017
Date

**CONSENT OF SURETY MUST BE SIGNED BY AN AUTHORIZED AGENT
OR REPRESENTATIVE OF A SURETY COMPANY.**

**NOT BY THE INDIVIDUAL OR COMPANY REPRESENTATIVE
SUBMITTING THE BID.**

SECTION 6



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 230827

Certificate No. 007098393

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Francesca Papa, Theresa Giraldo, Terry Ann Gonzales-Selman, James Holland, Migdalia Otero, Vincent T. Moy, William G. Morrissey, Mariya Leonidov, and Annette Leuschner

of the City of New York, State of New York, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 16th day of January, 2017.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
Robert L. Raney, Senior Vice President

On this the 16th day of January, 2017, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2021.



[Signature]
Marie C. Tetreault, Notary Public

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT 06183

FINANCIAL STATEMENT AS OF DECEMBER 31, 2015

CAPITAL STOCK \$ 6,480,000

ASSETS		LIABILITIES & SURPLUS	
CASH AND INVESTED CASH	\$ 54,550,881	UNEARNED PREMIUMS	\$ 882,833,464
BONDS	3,500,572,638	LOSSES	735,725,171
STOCKS	245,901,111	LOSS ADJUSTMENT EXPENSES	278,900,106
INVESTMENT INCOME DUE AND ACCRUED	43,905,720	COMMISSIONS	35,398,814
OTHER INVESTED ASSETS	3,580,975	TAXES, LICENSES AND FEES	11,351,717
PREMIUM BALANCES	200,990,913	OTHER EXPENSES	39,486,867
NET DEFERRED TAX ASSET	65,751,188	CURRENT FEDERAL AND FOREIGN INCOME TAXES	15,158,820
REINSURANCE RECOVERABLE	22,532,868	REMITTANCES AND ITEMS NOT ALLOCATED	4,905,722
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	11,772,178	AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	33,959,553
RECEIVABLES FROM PARENT, SUBSIDIARIES AND AFFILIATES	28,659,492	RETROACTIVE REINSURANCE RESERVE ASSUMED	898,144
OTHER ASSETS	5,685,697	POLICYHOLDER DIVIDENDS	9,080,181
		PROVISION FOR REINSURANCE	3,834,904
		ADVANCE PREMIUM	1,572,635
		PAYABLE FOR SECURITIES	6,000,000
		PAYABLE FOR SECURITIES LENDING	11,772,178
		CEDED REINSURANCE NET PREMIUMS PAYABLE	26,036,328
		ESCHEAT LIABILITY	684,927
		OTHER ACCRUED EXPENSES AND LIABILITIES	1,858,850
		TOTAL LIABILITIES	\$ 2,081,307,981
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	433,803,760
		OTHER SURPLUS	1,883,312,028
		TOTAL SURPLUS TO POLICYHOLDERS	\$ 2,103,595,788
TOTAL ASSETS	\$ 4,184,903,769	TOTAL LIABILITIES & SURPLUS	\$ 4,184,903,769

STATE OF CONNECTICUT)
 COUNTY OF HARTFORD) SS.
 CITY OF HARTFORD)

MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS SECOND VICE PRESIDENT, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31ST DAY OF DECEMBER, 2015.

Michael J. Doody
 SECOND VICE PRESIDENT

Susan M. Weissleder
 NOTARY PUBLIC

SUBSCRIBED AND SWORN TO BEFORE ME THIS
 18TH DAY OF MARCH, 2016

SUSAN M. WEISSLEDER
 Notary Public
 My Commission Expires November 30, 2017



SECTION 7



ACKNOWLEDGEMENT OF ADDENDA

a. Receipt of Changes to Bid Documents Form

Pursuant to N.J.S.A. 40A:11-23.1a, the undersigned hereby acknowledges receipt of the following notices, revisions, or addenda to the bid advertisement, specifications or bid documents. By indicating date of receipt, bidder acknowledges the submitted bid takes into account the provisions of the notice, revision or addendum. Note that the local unit's record of notice to bidders shall take precedence and that failure to include provisions of changes in a bid proposal may be subject for rejection of the bid.

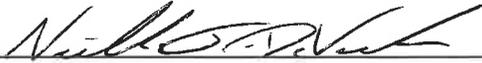
b. Note:

Clarifications issued in response to Q&A are *NOT* considered addenda as they do not substantially change the bid documents, and *NOT* required to be reported on this form. Directives in the "Technical Specifications" requiring submittals are not mandatory **UNLESS** they are included in the "Checklist of Required Document" Pages Q-1&2.

<u>Addendum Number</u>	<u>How Received (mail, fax, pick-up, etc.)</u>	<u>Date Received</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Company/Bidder: New Jersey American Water Company, Inc.

By Authorized Representative: Nicholas DeVecchis

Signature: 

Printed Name and Title: Nicholas DeVecchis, Manager Business Development

Date: June 9, 2017

SECTION 8



AFFIRMATIVE ACTION CERTIFICATION

This form is a summary of the successful bidder's requirement to comply with the requirements of N.J.S.A. :5-31 and N.J.A.C. 17:27.

The successful bidder shall submit to the public agency, after notification of award but prior to execution of this contract, one of the following three documents as forms of evidence:

(a) A photocopy of a valid letter that the Contractor is operating under an existing Federally approved or sanctioned affirmative action program (good for one year from the date of the letter);

OR

(b) A photocopy of a Certificate of Employee Information Report approval, issued in accordance with N.J.A.C. 17:27-4;

OR

(c) A photocopy of an Employee Information Report (Form AA302) provided by the Division and distributed to the public agency to be completed by the Contractor in accordance with N.J.A.C. 17:27-4.

The successful vendor may obtain the Affirmative Action Employee Information Report (AA302) from the contracting unit during normal business hours.

The successful vendor(s) must submit the copies of the AA302 Report to the Division of Contract Compliance and Equal Employment Opportunity in Public Contracts (Division). The Public Agency copy is submitted to the public agency, and the vendor copy is retained by the vendor.

The undersigned vendor certifies that he/she is aware of the commitment to comply with the requirements of N.J.S.A. 10:5-31 and N.J.A.C. 17:27 and agrees to furnish the required forms of evidence.

The undersigned vendor further understands that his/her bid shall be rejected as non-responsive if said Contractor fails to comply with the requirements of N.J.S.A. 10:5-31 and N.J.A.C. 17:27.

New Jersey-American Water
 Company / Bidder's Name

609-678-5870
 Telephone

Holly Rotkowitz
 Authorized Signature

Holly Rotkowitz Director, Human Resources
 Name (print) Title

May 10, 2017
 Date

SECTION 9



(REVISED 4/10)

EQUAL EMPLOYMENT OPPORTUNITY
N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)
N.J.A.C. 17:27

CONSTRUCTION CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, up-grading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

Initials



When hiring or scheduling workers in each construction trade, the contractor or subcontractor agrees to make good faith efforts to employ minority and women workers in each construction trade consistent with the targeted employment goal prescribed by N.J.A.C. 17:27-7.2; provided, however, that the Division may, in its discretion, exempt a contractor or subcontractor from compliance with the good faith procedures prescribed by the following provisions, A, B and C, as long as the Division is satisfied that the contractor or subcontractor is employing workers provided by a union which provides evidence, in accordance with standards prescribed by the Division, that its percentage of active "card carrying" members who are minority and women workers is equal to or greater than the targeted employment goal established in accordance with N.J.A.C. 17:27-7.2. The contractor or subcontractor agrees that a good faith effort shall include compliance with the following procedures:

(A) If the contractor or subcontractor has a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor shall, within three business days of the contract award, seek assurances from the union that it will cooperate with the contractor or subcontractor as it fulfills its affirmative action obligations under this contract and in accordance with the rules promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et. seq., as supplemented and amended from time to time and the Americans with Disabilities Act. If the contractor or subcontractor is unable to obtain said assurances from the construction trade union at least five business days prior to the commencement of construction work, the contractor or subcontractor agrees to afford equal employment opportunities minority and women workers directly, consistent with this chapter. If the contractor's or subcontractor's prior experience with a construction trade union, regardless of whether the union has provided said assurances, indicates a significant possibility that the trade union will not refer sufficient minority and women workers consistent with affording equal employment opportunities as specified in this chapter, the contractor or subcontractor agrees to be prepared to provide such opportunities to minority and women workers directly, consistent with this chapter, by complying with the hiring or scheduling procedures prescribed under (B) below; and the contractor or subcontractor further agrees to take said action immediately if it determines that the union is not referring minority and women workers consistent with the equal employment opportunity goals set forth in this chapter.

(B) If good faith efforts to meet targeted employment goals have not or cannot be met for each construction trade by adhering to the procedures of (A) above, or if the contractor does not have a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor agrees to take the following actions:

(1) To notify the public agency compliance officer, the Division, and minority and women referral organizations listed by the Division pursuant to N.J.A.C. 17:27-5.3, of its workforce needs, and request referral of minority and women workers;

(2) To notify any minority and women workers who have been listed with it as awaiting available vacancies;

Initials JK



- (3) Prior to commencement of work, to request that the local construction trade union refer minority and women workers to fill job openings, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade;
- (4) To leave standing requests for additional referral to minority and women workers with the local construction trade union, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade, the State Training and Employment Service and other approved referral sources in the area;
- (5) If it is necessary to lay off some of the workers in a given trade on the construction site, layoffs shall be conducted in compliance with the equal employment opportunity and non-discrimination standards set forth in this regulation, as well as with applicable Federal and State court decisions;
- (6) To adhere to the following procedure when minority and women workers apply or are referred to the contractor or subcontractor:
- (i) The contractor or subcontractor shall interview the referred minority or women worker.
- (ii) If said individuals have never previously received any document or certification signifying a level of qualification lower than that required in order to perform the work of the construction trade, the contractor or subcontractor shall in good faith determine the qualifications of such individuals. The contractor or subcontractor shall hire or schedule those individuals who satisfy appropriate qualification standards in conformity with the equal employment opportunity and non-discrimination principles set forth in this chapter. However, a contractor or subcontractor shall determine that the individual at least possesses the requisite skills, and experience recognized by a union, apprentice program or a referral agency, provided the referral agency is acceptable to the Division. If necessary, the contractor or subcontractor shall hire or schedule minority and women workers who qualify as trainees pursuant to these rules. All of the requirements, however, are limited by the provisions of (C) below.
- (iii) The name of any interested women or minority individual shall be maintained on a waiting list, and shall be considered for employment as described in (i) above, whenever vacancies occur. At the request of the Division, the contractor or subcontractor shall provide evidence of its good faith efforts to employ women and minorities from the list to fill vacancies.
- (iv) If, for any reason, said contractor or subcontractor determines that a minority individual or a woman is not qualified or if the individual qualifies as an advanced trainee or apprentice, the contractor or subcontractor shall inform the individual in writing of the reasons for the determination, maintain a copy of the determination in its files, and send a copy to the public agency compliance officer and to the Division.

Initials 



(7) To keep a complete and accurate record of all requests made for the referral of workers in any trade covered by the contract, on forms made available by the Division and submitted promptly to the Division upon request.

(C) The contractor or subcontractor agrees that nothing contained in (B) above shall preclude the contractor or subcontractor from complying with the union hiring hall or apprenticeship policies in any applicable collective bargaining agreement or union hiring hall arrangement, and, where required by custom or agreement, it shall send journeymen and trainees to the union for referral, or to the apprenticeship program for admission, pursuant to such agreement or arrangement. However, where the practices of a union or apprenticeship program will result in the exclusion of minorities and women or the failure to refer minorities and women consistent with the targeted county employment goal, the contractor or subcontractor shall consider for employment persons referred pursuant to (B) above without regard to such agreement or arrangement; provided further, however, that the contractor or subcontractor shall not be required to employ women and minority advanced trainees and trainees in numbers which result in the employment of advanced trainees and trainees as a percentage of the total workforce for the construction trade, which percentage significantly exceeds the apprentice to journey worker ratio specified in the applicable collective bargaining agreement, or in the absence of a collective bargaining agreement, exceeds the ratio established by practice in the area for said construction trade. Also, the contractor or subcontractor agrees that, in implementing the procedures of (B) above, it shall, where applicable, employ minority and women workers residing within the geographical jurisdiction of the union.

After notification of award, but prior to signing a construction contract, the contractor shall submit to the public agency compliance officer and the Division an initial project workforce report (Form AA 201) electronically provided to the public agency by the Division, through its website, for distribution to and completion by the contractor, in accordance with N.J.A.C. 17:27-7. The contractor also agrees to submit a copy of the Monthly Project Workforce Report once a month thereafter for the duration of this contract to the Division and to the public agency compliance officer.

The contractor agrees to cooperate with the public agency in the payment of budgeted funds, as is necessary, for on-the-job and/or off-the-job programs for outreach and training of minorities and women.

(D) The contractor and its subcontractors shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code (N.J.A.C. 17:27)**.

Initials  _____

SECTION 10



AMERICANS WITH DISABILITIES ACT
Equal Opportunity for Individuals with Disabilities

The Contractor and the Borough of High Bridge do hereby agree that the provision of Title II of the Americans With Disabilities Act of 1990 (the "ADA") (42 U.S.C. Section 12101 et seq.), which prohibits discrimination on the basis of disability by public entities in all services, programs and activities provided or made available by public entities, and the rules and regulations promulgated pursuant thereto, are made a part of this contract. In providing any aid, benefit or service on behalf of the Borough pursuant to this contract, the Contractor agrees that the performance shall be in strict compliance with the ADA. In the event that the Contractor, its agents, servants, employees or subcontractors violate or are alleged to have violated the ADA during the performance of this contract, the Contractor shall defend the Borough in any action or administrative proceeding commenced pursuant to this ADA. The Contractor shall indemnify, protect and save harmless the Borough, its agents, servants and employees from and against any and all suits, claims, losses, demands or damages of whatever kind or nature arising out of or claimed to arise out of the alleged violation. The Contractor shall, at its own expense, appear, defend and pay any and all charges for legal services and any and all costs and other expenses arising from such action or administrative proceeding or incurred in connection therewith. In any and all complaints brought pursuant to the Borough grievance procedure, the Contractor agrees to abide by any decision of the Borough which is rendered pursuant to said grievance procedure. If any action or administrative proceeding results in an award of damages against the Borough or if the Borough incurs any expense to cure a violation of the ADA which has been brought pursuant to its grievance procedure, the Contractor shall satisfy and discharge the same at its own expense.

The Borough shall, as soon as practicable after a claim has been made against it, give written notice thereof to the Contractor along with full and complete particulars of the claim. If any action or administrative proceeding is brought against the Borough or any of its agents, servants, and employees, the Borough shall expeditiously forward or have forwarded to the Contractor every demand, complaint, notice, summons, pleading or other process received by the Borough or its representatives.

It is expressly agreed and understood that any approval by the Borough of the services provided by the Contractor pursuant to this contract will not relieve the Contractor of the obligation to comply with the ADA and to defend, indemnify, protect, and save harmless the Borough pursuant to this paragraph.

It is further agreed and understood that the Borough assumes no obligation to indemnify or save harmless the Contractor, its agents, servants, employees and subcontractors for any claim which may arise out of their performance of this agreement. Furthermore, the Contractor expressly understands and agrees that the provisions of this indemnification clause shall in no way limit the Contractor's obligations assumed in this agreement, nor shall they be construed to relieve the Contractor from any liability, nor preclude the Borough from taking any other actions available to it under any other provisions of this agreement or otherwise by law.

Initials _____

SECTION 11



DISCLOSURE OF OWNERSHIP

Contractor's Statement of Experience and Financial Condition Disclosure of Ownership
N.J.S.A. 52:25-24.2

Failure to submit the required information is cause for automatic rejection.

Check One

- I certify that the list below contains the names and addresses of all owners who own an interest of 10% or more in the Applicant.
- I certify that no one owner owns an interest of 10% or more in the Applicant.

LEGAL NAME OF APPLICANT: _____

Check which business entity applies:

- | | | |
|--|--|--|
| <input type="checkbox"/> Limited Partnership | <input checked="" type="checkbox"/> Corporation (for-profit) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Limited Liability Partnership | <input type="checkbox"/> Corporation(non-profit) | <input type="checkbox"/> Sole Proprietorship |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Other _____ | |

Complete if the Applicant is a for-profit or non-profit corporation:

Date Incorporated: <u>08/24/1915</u>	Where Incorporated: <u>New Jersey</u>
Tax ID Number: <u>22-1546642</u>	Date Business: <u>08/24/1915</u>

Has there been any change in control of the company within the past two years? (If yes, explain on separate signed page.) Yes No

Is the company or its owners connected with other companies as a subsidiary, parent, holding or affiliate Yes No

If yes, please list the names of said companies and the relationship with the Applicant:

_____ American Water Works Company, Inc- parent company. See Exhibit 21.1 of AWK Annual Report for all affiliated companies, attached hereto.

Business Address:

<u>1025 Laurel Oak Road</u>	<u>Voorhees</u>	<u>NJ</u>	<u>08043</u>
Street Address	City	State	Zip
<u>856-309-4589</u>	<u>856-782-2481</u>	<u>stephen.bishop@amwater.com</u>	
Telephone #	Fax#	Email	



- Business Registration Certificate Yes No
- Public Works Contractor Certification N/A Yes No
- Affirmative Action Certificate (AA302) Yes No
- Minority or Women Owned Business Yes No
- Has the firm ever been prohibited from entering into a contract with a public entity. Please list dates, name of Public Body, and reasons on a separate sheet. Be thorough and complete Yes, No
- Has the *firm and/or its executive officers and/or owners* ever Registered for Public Works (PWCR) with the New Jersey Department of Labor and Workforce Development under a different name or different certificate number? Yes, List Below No
- Has the *firm and/or its executive officers and/or owners* ever been granted a licensed in New Jersey under a different name or different Business Registration Certificate (BRC) number? Yes List Below No

If yes, list all name(s) and Certificate number(s), attach additional sheets if necessary:

n/a

Listed below are the names and addresses of all owners who own an interest of 10% or more in the Applicant. Disclosure shall be continued until the names and addresses of every owner exceeding the 10% ownership criteria established in N.J.S.A. 52:25-24.2 has been listed. (Not to be completed by non-profit corporations.)

American Water Works Company, Inc.	1025 Laurel Oak Road, Voorhees, NJ 08043	100%
Name	Address	Shared (%) Owned

Name	Address	Shared (%) Owned
------	---------	------------------

CONTINUED ON ADDITIONAL SHEET (IF NECESSARY): YES NO

Corporate Officers, Partners, Proprietor, Owners, Supervisors: not listed above who have decision making capability, not necessarily those who own more than 10% who will be in charge of project being bid.

Name	Position	Years w/Firm	% of Ownership
n/a			



BOROUGH OF HIGH BRIDGE
 BID PACKAGE: SALE OF BOROUGH WATER SYSTEM
 OPENING DATE: JUNE 14, 2017 AT 11:00 AM

In what type of projects do you specialize? Water Utility Company

What was the largest amount of work completed in one year? n/a

Dollar Amount \$	Number of Jobs	Year	Largest Job	Amount \$

I/We hereby allow Borough of High Bridge to contact the government agencies enclosed to discuss my work performed under another agencies contract.

Signed: 
 Name/Title: Stephen R. Bishop, Assistant Secretary
 Date: June 9, 2017

New Jersey American Water Company, Inc.
 Company / Bidder's Name
June 9, 2017
 Date


 Authorized Signature
Stephen R. Bishop Assistant Secretary
 Name (print) Title

Borough Use Only:

Verified by: _____ on _____

License Clear: Yes No

EX-21.1 3 awk-ex211_604.htm EX-21.1

Exhibit 21.1

American Water Works Company, Inc.'s Subsidiaries

As of February 21, 2017

Entity Name	Entity Type	Jurisdiction of Organization
AAET, INC.	Corporation	Delaware
American Industrial Water LLC	Limited Liability Company	Ohio
American Lake Water Company	Corporation	Illinois
American Water – Acciona Agua LLC	Limited Liability Company	Delaware
American Water (USA), Inc.	Corporation	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Carbon Services Corp.	Corporation	Ontario
American Water Enterprises Holding, Inc.	Corporation	Delaware
American Water Enterprises, Inc.	Corporation	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, Inc.	Corporation	Texas
American Water Resources Holdings, Inc.	Corporation	Delaware
American Water Resources of Florida, Inc.	Corporation	Delaware
American Water Resources of Texas, Inc.	Corporation	Delaware
American Water Resources, LLC	Limited Liability Company	Virginia
American Water Services CDM, Inc.	Corporation	Washington
American Water Services Underground Infrastructure Corp.	Corporation	Ontario
American Water Services, LLC	Limited Liability Company	Delaware
American Water Works Service Company, Inc.	Corporation	Delaware
AW Contract Services (Canada), Inc.	Corporation	Federally Chartered (Canada)
AWI, Inc.	Corporation	Delaware
AW Technologies Incorporated	Corporation	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Cocoa Properties I, LLC	Limited Liability Company	Delaware
Edison Water Company	Corporation	New Jersey
EMC American Water Canada, Inc.	Corporation	Federally Chartered (Canada)
EMC of St. Charles County, LLC	Limited Liability Company	Missouri
Environmental Disposal Corporation	Corporation	New Jersey
Environmental Management Corporation	Corporation	Missouri
E'Town Properties, Inc.	Corporation	Delaware
E'Town Services, LLC	Limited Liability Company	New Jersey
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Keystone Clearwater Solutions, LLC	Limited Liability Company	Delaware
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland

Michigan-American Water Company	Corporation	Michigan
Missouri-American Water Company	Corporation	Missouri
Mt. Ebo Sewage Works, Inc.	Corporation	New York
New Jersey-American Water Company, Inc.	Corporation	New Jersey

<u>Entity Name</u>	<u>Entity Type</u>	<u>Jurisdiction of Organization</u>
New York American Water Company, Inc.	Corporation	New York
OMI/Thames Water Stockton, Inc.	Corporation	Delaware
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Prism-Berlie (Windsor) Limited	Corporation	Ontario
SWC Acquisition Company	Corporation	New Jersey
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
TWNA, Inc.	Corporation	Delaware
Virginia-American Water Company	Corporation	Virginia
Water Solutions Holdings, LLC	Limited Liability Company	Delaware
West Virginia-American Water Company	Corporation	West Virginia

SECTION 12



BIDDERS TO VISIT SITE

All bidders or their representative(s) shall visit the Borough of High Bridge Water System, including but not limited to treatment facilities, wells, storage tanks and distribution system and examine the Water System. Bidders shall thoroughly investigate the Borough of High Bridge Water System in order to become informed as to the magnitude and character of the Water System for the complete execution of the contract.

The Bidder shall attest by signing below that he has physically examined the Borough of High Bridge Water System prior to the submission of this proposal.

May 31, 2017

Date



Signature of Representative

Manager of Business Development

Title

Nicholas T. DeVecchis

Bidder's Name

SECTION 13



RESPONSIBLE BIDDER CERTIFICATION

A copy of this certification must be included with the Bid and must be fully completed, signed by at least one general partner, owner, or officer authorized to legally obligate the Applicant and notarized.

The Bidder recognizes that the information submitted in the questionnaire herein is for the express purpose of inducing the Borough to award a contract to the Bidder. The Bidder has read and understands the requirements of this Bid, and has read and understands the instructions for completing the Bid. The Bidder acknowledges that he/she is duly authorized to provide the information contained in this Bid and that answering the questions in this bid is entirely within his/her control.

DECLARATION

I, Robert G. MacLean am the President of New Jersey American Water Company, Inc.

I certify that I have read and understood the questions contained in the attached bid, and that to the best of my knowledge and belief all information contained herein and submitted concurrently or in supplemental documents with this bid is complete, current, and true. I further acknowledge that any false, deceptive or fraudulent statements on the bid may result in non-award of contract. I authorize the Borough to contact any entity named herein, or any other internal or outside resource, for the purpose of verifying information provided in the questionnaire or to develop other information deemed relevant by the Borough.

Signature

Sworn and subscribed to before me on

this 9th day of June, 2017

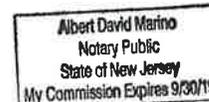
Signature of Notary

Notary Public of the State of New Jersey
 My Commission expires September 30, 2019
 Notary ID# 2170114

Albert David Marino

Print Name

Notary seal



SECTION 14



BOROUGH OF HIGH BRIDGE
BID PACKAGE: SALE OF BOROUGH WATER SYSTEM
OPENING DATE: June 14, 2017 AT 11:00 AM

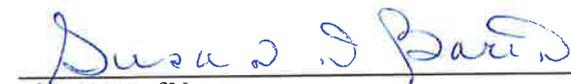
FALSE STATEMENT PENALTIES CERTIFICATION
N.J.S.A. 40A:11-34

Any person who makes or causes to be made, a false, deceptive or fraudulent statement in the statement or answers in response to the questionnaire, or in the course of any hearing hereunder, shall be guilty of a misdemeanor, and upon conviction shall be punishable by a fine of not less than \$100.00 nor more than \$1,000.00, and shall be permanently disqualified from bidding on all public work or contracts of the contracting unit which submitted the questionnaire; or, in the case of an individual or an officer or employee charged with the duty of responding to the questionnaire for a person, firm, co-partnership, association or corporation, by such fine or by imprisonment, not exceeding 6 months, or both.

Albert David Marino
Print Name


Signature of Preparer or
Officer of the Applicant

Sworn and subscribed to before me on
this 9th day of June
_____, 2017


Signature of Notary

Notary seal



SECTION 15



AFFIDAVIT OF NON-COLLUSION

The undersigned, being duly sworn according to law, deposes and says:

1. I reside at 108 Muirfield Court, Moorestown, NJ 08057
2. The name of the within bidder is New Jersey American Water Company, Inc.
3. I execute the said bid on behalf of the bidder with full authority to do so.
4. The bidder has not directly or indirectly entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding in connection with the contract.
5. All statements contained in the Qualification Statement and Bid and in this Affidavit are true and correct and were made with the full knowledge that the Borough of High Bridge, County of Somerset, its officers and employees, relies upon the truth of the statements therein made in awarding the contract.
6. I further warrant that no person or selling agency has been employed or retained to solicit or service such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bonafide employees of or bonafide established commercial selling agencies maintained by the bidder.

Robert G. MacLean
 Print Name

Robert G. MacLean
 Signature of Bidder

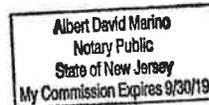
Sworn and subscribed to before me on
 this 31st day of May, 2017

Albert David Marino
 Signature of Notary

Notary Public State of New Jersey
 My commission expires September 30, 2019
 Notary ID # 2170114

Albert David Marino
 Print Name

Notary seal



SECTION 16

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. New Jersey-American Water Company, Inc.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>	
	5 Address (number, street, and apt. or suite no.) PO Box 5600	Requester's name and address (optional)
	6 City, state, and ZIP code Cherry Hill, NJ 08034	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)																																																											
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.																																																											
Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.																																																											
	<table border="1" style="margin: auto;"> <tr><td colspan="9" style="text-align: center;">Social security number</td></tr> <tr><td style="width: 20px;"> </td><td style="width: 20px;"> </td></tr> <tr><td colspan="3"> </td><td style="text-align: center;">-</td><td colspan="3"> </td><td style="text-align: center;">-</td><td colspan="3"> </td></tr> <tr><td colspan="9" style="text-align: center;">or</td></tr> <tr><td colspan="9" style="text-align: center;">Employer identification number</td></tr> <tr><td style="width: 20px;">2</td><td style="width: 20px;">2</td><td style="width: 20px;"> </td><td style="width: 20px;">-</td><td style="width: 20px;">1</td><td style="width: 20px;">5</td><td style="width: 20px;">4</td><td style="width: 20px;">6</td><td style="width: 20px;">6</td><td style="width: 20px;">4</td><td style="width: 20px;">2</td></tr> </table>	Social security number																					-				-				or									Employer identification number									2	2		-	1	5	4	6	6	4	2
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Part II Certification	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and	
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and	
3. I am a U.S. citizen or other U.S. person (defined below); and	
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.	
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.	
Sign Here	Signature of U.S. person ▶
	Date ▶ <u>5/10/2017</u>

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

SECTION 17



CUSTOMER RATE INFORMATION SHEET

By submission of this bid, it is hereby understood that the sale is based on the Borough of High Bridge service area being rolled into the existing customer base of the successful bidder so that the customers in the Borough of High Bridge will be charged the same rate as the existing customers of the bidder. Additionally, to aid the Borough in its review of bids, the bidder must indicate on the Bid Form, in the space provided, the rate of the current customer base per 1,000 gallons, and the impact, if any, the inclusion of the Borough of High Bridge service area will have on the rate schedule applicable to the decision making purposes. The Borough understands the rate may fluctuate subject to periodic review and approval by Board of Public Utilities (BPU) pending the successful bidder's rate change application to the BPU. Also, it is hereby understood that customer rate information is a part of the Bid Form and is a consideration in the review of the bids for award.

Quarterly Service Charge	\$	<u> \$40.80 </u>
Rate of Current Customer Base	\$	6.1998 (Base Rate)
	+	\$ <u>0.4540</u> (Purchased Water Adjustment Charge)
	\$	6.6538 Total charge/1000 gallons

Copy of rate schedules from tariff attached

Anticipated impact to rate of Customer Base due to Purchase (differential per 1,000 gallons)	
Increase	<u>no impact to customer due to purchase</u>
Decrease	<u>no impact to customers due to purchase</u>

Rate of Fire Hydrant Charge	\$ <u>45.10/month or \$135.30/quarter</u> (Rate Schedule M-1 attached)
-----------------------------	---

Note : While we understand that the Borough has "requested" that it not be charged fees associated with public fire hydrants, New Jersey American Water believes the Board of Public Utilities will require a public fire service charge be applied by whoever the successful bidder is. Consistent with New Jersey American's approach to phase-in rates over time, New Jersey American Water will petition the Board of Public Utilities for approval of a phase-in plan for the public fire hydrant fees.

Describe any other charges that Borough of High Bridge customer base may be subject to, or in the alternate, attach current rate schedule.

In serving more than 2.7 million people in 191 communities, New Jersey American Water has the unique ability to draw on resources from across the State to achieve efficiencies that help us deliver quality water service at fair and reasonable rates. If it is the successful bidder, New Jersey American Water would initially adopt the existing rate structure of the Borough, meaning that there will be no rate impact upon the customers at the time of closing. New Jersey American Water also agrees to freeze water rates for a minimum of two (2) years following closing.

Consistent with other acquisitions New Jersey American Water has completed, the Borough's water rates would be phased-in to an appropriate, existing rate structure of ours over the course of multiple New Jersey American

Water general rate cases. Historically, rate cases have occurred every two (2) to three (3) years, with the last case having a rates effective date of September 21, 2015, and prior to that it was May 1, 2012. Both New Jersey American Water and the Board of Public Utilities are sensitive to the impact an acquisition can have on customer rates and will generally agree on a slow and steady phasing-in of rates where necessary.

To provide an example, New Jersey American Water acquired the Penns Grove Water Company in 2007. The rates for those customers were 41% lower than those paid by New Jersey American Water's statewide Schedule A-1 rates. Today, nine (9) years later, those rates have increased, but are still 19% lower than the statewide Schedule A-1 rates. It would be New Jersey American Water's intention to follow a similar path towards rate phase-in for the Borough's customers.

Finally, eligible Borough residents will immediately be able to enroll in New Jersey American Water's H2O Help to Others Program, which provides grants and discounts to low-income customers who qualify. Additional information is contained in Section 20 of this proposal.

For additional information on New Jersey American Water Rates, please visit the Rates page on our website at www.amwater.com or see a copy of the New Jersey American Water's rate schedule on the CD ROM & Jump Drive.

Describe time, schedule for, and proposed amount, of next bidder rate increase request to the BPU.

Historically, rate cases have occurred every two (2) to three (3) years, with the last case having a rates effective date of September 21, 2015, and prior to that it was May 1, 2012. Both New Jersey American Water and the Board of Public Utilities are sensitive to the impact an acquisition can have on customer rates and will generally agree on a slow and steady phasing-in of rates where necessary.

SECTION 18



DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that the person or entity, or one of the person or entity's parents, subsidiaries, or affiliates, is not identified on a list created and maintained by the Department of the Treasury as a person or entity engaging in investment activities in Iran. If the Director finds a person or entity to be in violation of the principles which are the subject of this law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the person or entity.

I certify, pursuant to Public Law 2012, c. 25, that the person or entity listed above for which I am authorized to bid/renew:

- is not providing goods or services of \$20,000,000 or more in the energy sector of Iran, including a person or entity that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; **AND**
- is not a financial institution that extends \$20,000,000 or more in credit to another person or entity, for 45 days or more, if that person or entity will use the credit to provide goods or services in the energy sector in Iran.

In the event that a person or entity is unable to make the above certification because it or one of its parents, subsidiaries, or affiliates has engaged in the above-referenced activities, a detailed, accurate and precise description of the activities must be provided in part 2 below to the Division of Purchase under penalty of perjury. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

Name: _____ Relationship to Bidder/Offeror: _____
 Description of Activities: _____
 Duration of Engagement: _____ Anticipated Cessation Date: _____
 Bidder/Offeror Contact Name: _____ Contact Phone Number: _____

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the above-referenced person or entity. I acknowledge that Borough of High Bridge is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the Borough to notify the Borough in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with Borough of High Bridge, New Jersey and that the Borough at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): SUSAN E. KROHN Signature: *Susan E. Krohn*
 Title: Treasurer Date: 5/10/2017

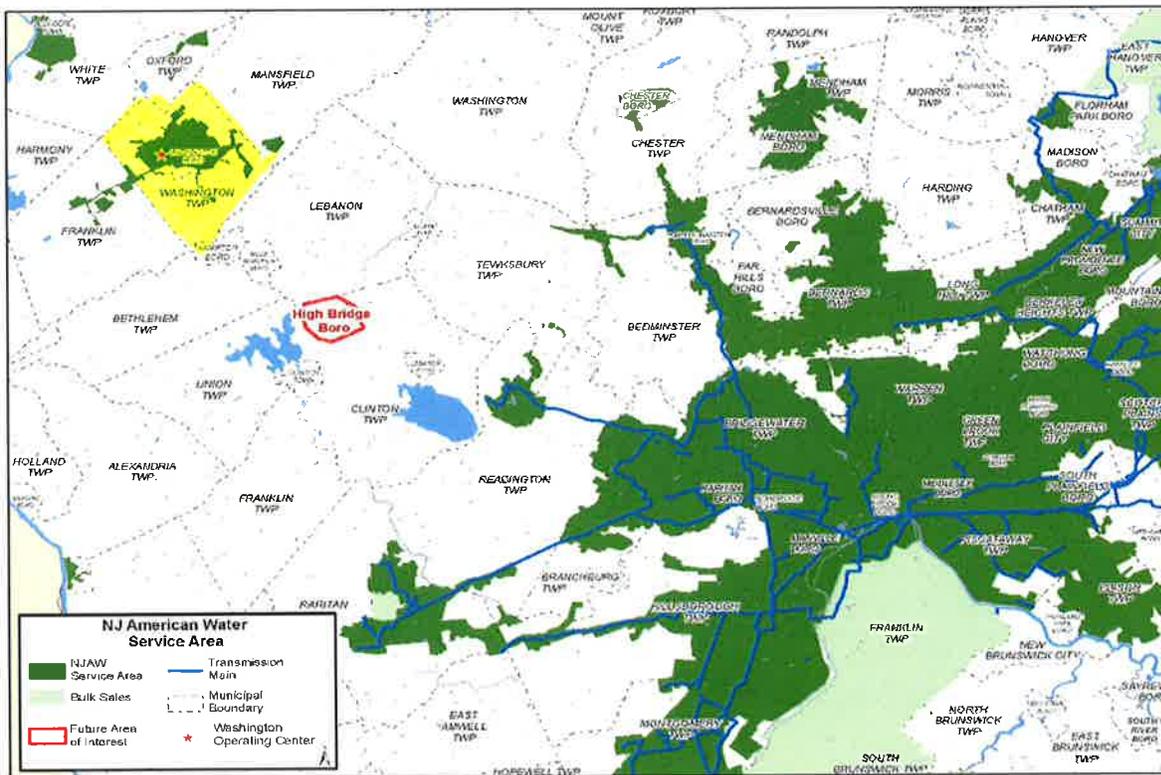
SECTION 19

BID FOR THE ACQUISITION OF THE HIGH BRIDGE, NJ WATER SYSTEM



19 Qualifications to Run the Water System

New Jersey American Water’s qualifications to operate the High Bridge water system are demonstrated by our successful record of reliably supplying water service to 2.7 million people living in 191 New Jersey municipalities that comprise our service area. The water facilities New Jersey American Water owns, operates and maintains include 7 surface water plants, more than 150 ground water treatment facilities and 170 wells, 210 pumping stations, and 180 storage tanks.



The High Bridge system would be operated out of our Washington Operating Center which is part of our Northern Operating Area. In addition to our customers in nearby Washington Borough, the Northern Operating Area provides water, and in some cases wastewater, service to over 300,000 customers in Hunterdon, Passaic, Essex, Morris, Union and Somerset Counties.

Adequacy of Personnel

We employ over 100 well-equipped, licensed field crews that operate and maintain infrastructure similar to High Bridge’s throughout the region. This ensures that the same level of operational efficiency, customer support, and regulatory compliance we already supply to our nearby customers will be provided to High Bridge residents from the first day we assume responsibility for the Borough's systems.

All systems will be monitored continuously by our control center at the Canoe Brook Water Treatment Plant which is manned 24 hours a day. Crews will be dispatched from the Washington Operating Center which is located just 7 miles up State Route 31. Installation of automated controls and instrumentation at water facilities will enable around-the-clock monitoring of their conditions, ensuring reliable operations for High Bridge residents.

**New Jersey American Water
Personnel**

New Jersey American Water has a comprehensive staff of management professionals who will be involved in the operation and maintenance of the High Bridge water system. The accompanying table lists the licenses and years of experience for several of our representatives who would have responsibilities for operations in High Bridge.

We have successfully met present water needs of New Jersey's residents, commerce and industry while continually anticipating their future needs, expanding our infrastructure whenever necessary while reliably and efficiently maintaining and operating our existing assets. The company has regularly expanded into new areas by purchasing the assets of private and public sector entities who no longer wish

Project Personnel	License(s)	Years of Experience
Frank Hadley	T-3, W-2	33
Joe Tufaro	T-1, W-1	33
Mark Oeckinghaus	W-1	29
Tom Shroba	T-2, W-2	28
Mike Shutta	W-2	28
John Golda	W-1	28
Todd Spain	W-1	17
Rod Pensack	T-1, W-1	17
<p>NOTE: Licenses are ranked 1 through 4 with 4 being the highest category.</p> <p>W= water distribution</p> <p>T = water treatment</p>		

BID FOR THE ACQUISITION OF THE HIGH BRIDGE, NJ WATER SYSTEM



to operate the water systems they own.

The Borough's infrastructure will be incorporated into New Jersey American Water's Enterprise Asset Management System (EAM). An EAM System is a key element of the Company's careful maintenance of the physical plants and assets to guarantee their longevity and reliability. This commitment is foundational to the Company's overall mission: to provide efficient and reliable water-related services while meeting all regulatory requirements. In the past five years, New Jersey American Water undertook over \$1.0 billion in improvements to its infrastructure across the state, with over \$270 million for main replacements, \$780 million for investment in treatment and production facilities and the balance for tanks, pump stations, system expansion, and other capital projects.



Buyer's Financial Capability

As the state's largest water purveyor, with total assets of nearly \$3.9 billion and annual revenues of nearly \$725 million reported in 2016, New Jersey American Water clearly has the financial resources to successfully complete the purchase of the Borough of High Bridge systems and to close the sale in a timely fashion. In addition to its own substantial resources, New Jersey American Water is one of the largest subsidiaries of American Water, the largest and most geographically diversified publicly traded water services company in the United States. American Water has a market capitalization close to \$14 billion at end of 2016.

New Jersey American Water's financial strength is attributable to its rigorous operating discipline, as well as its timely planning, commitment to asset renewal and capital investment, experienced managers, state-of-the-art water quality programs, research, and responsive customer service. In combining these tools successfully, the company has consistently achieved an extremely high standard of performance and environmental compliance while fully meeting the needs of its large customer base.

American Water is well known in the equity investment community and is currently being tracked by independent analysts. American Water is part of the S&P 500, the Dow Jones Utility Average, and the Dow Jones Sustainability Index. The company has

BID FOR THE ACQUISITION OF THE HIGH BRIDGE, NJ WATER SYSTEM



arranged for a revolving credit facility of \$1.25 billion with 16 U.S. and international banks participating; this facility is fully committed through 2020. Additionally, American Water has a \$1 billion commercial paper program.

Both American Water and New Jersey American Water are experienced in undertaking and completing water system acquisitions with public and private sector owners, and we are well-positioned to successfully integrate those assets into our business operations. Over the past 15 years, nearly \$1 billion in water and wastewater acquisition transactions have been successfully closed in New Jersey, incorporating over 259,000 new customers into our network. In the last two years alone, American Water has added approximately 41,800 customers to its regulated customer base, nearly 30,300 of which were wastewater customers. In addition, American Water will be adding 33,700 new customers by year end, 31,000 of which are wastewater customers.

With its well-developed utility infrastructure and workforce surrounding High Bridge, New Jersey American Water can demonstrate not only the financial resources to complete the transaction in a timely fashion and the prior experience in obtaining approvals for its purchases from the New Jersey Board of Public Utilities (NJBP), but also provide the necessary field resources that will allow us to immediately assume operation of High Bridge's facilities. We have provided the 2013, 2014 and 2015 audited financial statements for New Jersey American Water and American Water. They have been supplied in PDF format on the CD ROM attached to the inside rear cover of this submittal.

Response to Emergencies

New Jersey American Water has adopted extensive maintenance practices to prevent emergency events and developed capabilities for managing them when they do occur. In addition, New Jersey American Water has deployed its workforce to better address our customer needs. The field crews are available 24/7 to respond quickly to an emergency and take the necessary action to restore service.

On an annual basis, we perform a variety of regular maintenance services on our pumps and electrical switchgear. In the event of an emergency, the operations team in Washington has at their disposal the full support of the New Jersey American Water management team providing any resources (workforce, pumping equipment, repair material, engineering expertise) that may be needed. The goal is to restore the normal condition as quickly as possible with as little impact to the customer as possible.

**BID FOR THE ACQUISITION OF THE HIGH BRIDGE, NJ
WATER SYSTEM**



The Company's ability to respond quickly and effectively to emergency situations was demonstrated when Superstorm Sandy hit the New Jersey coast on Oct. 29, 2012. The force of the storm, coupled with a record storm surge of 14 feet, destroyed approximately 10,000 customer homes on a barrier island, ripping them from their water service lines, and destroying the distribution system. Many of the company's 7 treatment plants and 170 wells, plus assorted other electrically powered equipment, were kept running on backup generation.

Our prior experience with hurricanes, Floyd in 1999 and Irene in 2011, plus advance planning consistent with the Federal Emergency Management Agency's National Incident Management System, enabled us to be prepared and ready to respond in a comprehensive manner that addressed the needs of all our stakeholders. Effective communications before, throughout, and following the storm was paramount. Because we stationed employees at local emergency operations management centers to act as liaisons, they were able to provide real-time information about flooding and damages. The company's Facebook page was a central point for disseminating information to customers, media and public officials, especially during the first few days following the storm's landfall. Water company crews were out on the barrier island as soon as the sun came up and in the weeks that followed the storm, company personnel worked 24/7 with the Federal Emergency Management Agency, the state's Department of Transportation and Department of Environmental Protection, multiple municipalities and the other area utilities to rebuild the system and ultimately restore service. All this was done in adverse, almost apocalyptic conditions with no injuries to our employees. During several state reviews of what has become commonly called the "Sandy Response," both the BPU and the State Senate commended American Water for its emergency response support, management and communications efforts.

SECTION 20

20 Customer Service & Customer Service Standards

American Water currently provides comprehensive and centralized customer service to over four million customers who are served by our regulated utilities. With a support staff of over 700 employees, American Water operates two large centralized customer service centers located in Alton, Illinois, and Pensacola, Florida, which offer around-the-clock service. The centers handle:

- Water billing, collections
- Customer call handling
- Field service scheduling
- Emergencies
- Delinquency processing and reporting.



The following lists our typical goals for delivering excellent, cost-effective performance to our customers:

- **Timely and Accurate Billings.** Primary focus is on accuracy, as quality minimizes billing complaints and avoids customer calls.
- **First-Call Service Resolution.** The timely response to customer queries improves satisfaction, reduces avoidable calls, and improves staff productivity.
- **Outstanding Collection Performance.** Collections typically exceed 96 percent of billings, with proven processes to manage delinquent customers.
- **Comprehensive Reporting and Internal Control.**

New Jersey American will develop a transition plan that will integrate the High Bridge residents water information into its customer service system.

Excellence in Customer Service American Water conducts quarterly customer satisfaction surveys through an impartial third-party firm. The surveys measure overall customer satisfaction and satisfaction among customers who have had a recent contact with the company's customer service center and/or field operations employees. Our overall customer satisfaction scores from the first quarter of 2017 equate to approximately 90 percent in satisfied categories and service quality equaled 90 percent in satisfied categories. These high ratings are consistent with surveys conducted over the last three years.

Bid for the Acquisition of HIGH BRIDGE, NJ

Water System



Demonstrating that performance, our Customer Service Center (CSC) has been recognized for its high levels of customer response on a number of occasions. The International Quality and Productivity Center (IQPC) awarded American Water the 2012 Call Center Excellence Award for Best in Class Call Center (over 200 staff).

Customer Service Standards for Borough of High Bridge

New Jersey American shall:

- Maintain buildings and property in a neat and orderly appearance consistent with community standards and shall undertake reasonable measures to protect the health, safety and welfare of the public with respect to the Systems.
- Provide appropriate customer service staffing and response times for any complaints about nuisances or service problems.
- Provide a qualified staff and experienced employees and third party contractors who have direct experience in operating, maintaining and managing similar systems.
- Implement a plan of action protocol for emergency events which shall include notices to the Borough and other regulating entities having jurisdiction and for measures which facilitate coordinated emergency response actions, as needed.
- Maintain a toll-free 24 hour telephone number where users of the system can report emergencies. Crews will be dispatched to investigate the reported condition and take the necessary actions to remedy the situation.

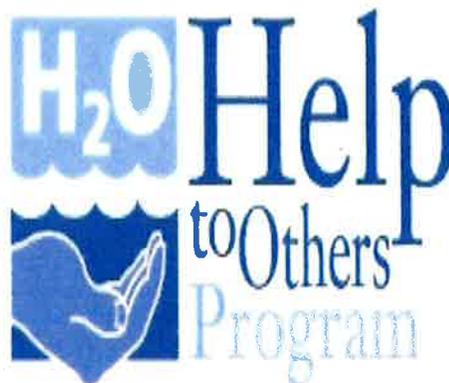
Customer Assistance

In addition to our Customer Service Centers, we also provide around-the-clock access to a self-service web site called "My H2O Online". New Jersey American Water customers can manage their water service account online, including viewing water bills and usage histories, arranging for automatic payments, or turning water service on and off. American Water customers can register for the H2O Online access at www.amwater.com/myh2o.

Bid for the Acquisition of HIGH BRIDGE, NJ Water System

Assistance for Low Income Customers.

New Jersey American Water assists low-income customers who qualify through its H₂O Help to Others Program™ and Low Income Payment Program (LIPP). H₂O Help to Others provides grants of up to \$500 to help pay water bills to those who qualify. LIPP takes the H₂O Program one step further, providing a monthly credit that can be as high as 20 percent off the total water bill for customers who qualify. New Jersey American Water customers can get more information about these assistance programs on-line or by phone at New Jersey SHARES; (877) 652-9426 (877-NJAWH2O).



New Jersey-American Water Company, Inc.

**(a wholly-owned subsidiary of
American Water Works Company, Inc.)**

Financial Statements

As of and for the years ended December 31, 2014 and 2013



Independent Auditor's Report

To the Board of Directors and Stockholder of
New Jersey-American Water Company, Inc.

We have audited the accompanying financial statements of New Jersey-American Water Company, Inc., which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, of changes in common stockholder's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey-American Water Company, Inc., at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

March 31, 2015

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Balance Sheets
December 31, 2014 and 2013
(Dollars in thousands)

Assets		2014	2013
Property, plant and equipment			
Utility plant - at original cost, net of accumulated depreciation	\$	3,101,783	\$ 2,944,513
Utility plant acquisition adjustments, net		5,900	6,250
Nonutility property		606	606
Total property, plant and equipment		3,108,289	2,951,369
Current assets			
Cash		1,710	1,623
Restricted funds current		-	2,195
Accounts receivable		53,347	54,357
Allowance for uncollectible accounts		(5,394)	(5,625)
Unbilled receivables		27,737	39,724
Accounts receivable - affiliated company		-	12,606
Materials and supplies		7,787	7,801
Prepaid taxes		7,466	6,227
Deferred income taxes		4,140	2,900
Other		4,284	1,778
Total current assets		101,077	123,586
Regulatory and other long-term assets			
Regulatory assets		132,005	113,184
Prepaid pension expense		20,143	17,117
Restricted funds		3,276	754
Other		462	580
Total regulatory and other long-term assets		155,886	131,635
Total assets	\$	3,365,252	\$ 3,206,590

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Balance Sheets
December 31, 2014 and 2013
(Dollars in thousands)

Capitalization and Liabilities

	2014	2013
Capitalization		
Common stockholder's equity	\$ 1,200,729	\$ 1,080,668
Long-term debt, excluding current portion	1,089,566	1,044,792
Total capitalization	<u>2,290,295</u>	<u>2,125,460</u>
Current liabilities		
Notes payable - affiliated company	5,293	92,429
Current portion of long-term debt	7,172	6,655
Accounts payable	63,625	57,688
Accounts payable - affiliated company	8,145	-
Accrued interest	10,704	9,523
Accrued taxes	690	616
Refunds due to customers	3,418	3,062
Current portion of advances for construction	8,894	7,000
Other	21,981	16,253
Total current liabilities	129,922	193,226
Regulatory and other long-term liabilities		
Deferred income taxes	563,556	518,777
Advances for construction	49,577	45,286
Deferred investment tax credits	9,803	10,160
Regulatory liabilities	54,699	53,015
Accrued postretirement benefit expense	14,606	14,229
Other tax liabilities	20,033	16,344
Other	11,569	11,144
Total regulatory and other long-term liabilities	<u>723,843</u>	<u>668,955</u>
Contributions in aid of construction	<u>221,192</u>	<u>218,949</u>
Commitments and Contingencies (See Note 15)	-	-
Total capitalization and liabilities	<u>\$ 3,365,252</u>	<u>\$ 3,206,590</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Income
For the Years Ended December 31, 2014 and 2013
(Dollars in thousands)

	2014	2013
Operating revenues	\$ 652,328	\$ 638,017
Operating expenses		
Operation and maintenance	240,470	245,425
Depreciation	89,022	82,163
Amortization	7,805	6,978
General taxes	94,857	94,897
Gain on disposition of property	(65)	(187)
Total operating expenses, net	432,089	429,276
Operating income	220,239	208,741
Other income (expenses)		
Interest, net	(54,391)	(53,086)
Allowance for other funds used during construction n	4,708	5,530
Allowance for borrowed funds used during construction	1,602	1,884
Amortization of debt issuance costs	(1,935)	(1,900)
Other, net	287	315
Total other expenses	(49,729)	(47,257)
Income before income taxes	170,510	161,484
Provision for income taxes	58,275	57,161
Net income	\$ 112,235	\$ 104,323

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013
(Dollars in thousands)

	2014	2013
Cash flows from operating activities		
Net income	\$ 112,235	\$ 104,323
Adjustments		
Depreciation and amortization	96,827	89,141
Amortization of debt issuance costs	1,935	1,900
Provision for deferred income taxes	47,936	64,712
Amortization of deferred investment tax credits	(357)	(356)
Provision for losses on accounts receivable	3,359	3,277
Allowance for other funds used during construction	(4,708)	(5,530)
Gain on disposition of property	(65)	(187)
Pension and non-pension postretirement benefits	5,236	15,354
Other, net	4,697	3,131
Changes in assets and liabilities		
Accounts receivable and unbilled receivables	9,408	(16,717)
Other current assets	8,725	(8,812)
Pension and non-pension postretirement benefit contributions	(8,262)	(16,409)
Accounts payable	(5,243)	(20,683)
Accrued taxes	74	(361)
Other current liabilities	15,410	4,262
Net cash provided by operating activities	<u>287,207</u>	<u>217,045</u>
Cash flows from investing activities		
Capital expenditures	(243,294)	(252,931)
Acquisitions	(250)	-
Removal costs from property, plant and equipment retirements, net of salvage	(18,810)	(22,255)
Proceeds from the disposition of property, plant and equipment	100	460
Funds released from restriction	8,628	14,838
Net cash used in investing activities	<u>(253,626)</u>	<u>(259,888)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	43,000	69,721
Repayments of long-term debt	(6,834)	(31,523)
Net borrowings (repayments) of notes payable - affiliated company	(87,136)	74,620
Advances and contributions, net of refunds of \$9,099 and \$12,686 in 2014 and 2013, respectively	10,327	283
Capital contribution by stockholder	91,000	-
Dividends paid	(83,495)	(70,867)
Debt issuance costs	(356)	(620)
Net cash provided by (used in) financing activities	<u>(33,494)</u>	<u>41,614</u>
Net increase (decrease) in cash and cash equivalents	87	(1,229)
Cash and cash equivalents at beginning of year	1,623	2,852
Cash and cash equivalents at end of year	<u>\$ 1,710</u>	<u>\$ 1,623</u>
Cash paid during the year for:		
Interest, net of capitalized amount	\$ 53,469	\$ 53,433
Income taxes	\$ 992	\$ 18,520
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of period end	\$ 38,156	\$ 35,911
Non-cash financing activity		
Capital contribution by stockholder (See Note 11)	\$ 320	\$ 266
Long-term Debt (See Note 6)	\$ 8,956	\$ (3,565)

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Changes in Common Stockholder's Equity
For the Years Ended December 31, 2014 and 2013
(Dollars in thousands)

	Common Stock		Paid-in Capital	Retained Earnings	Total
	Shares	Par Value			
Balance at December 31, 2012	3,478,968	\$ 86,974	\$ 534,331	\$ 425,641	\$ 1,046,946
Net income	-	-	-	104,323	104,323
Capital contributions	-	-	266	-	266
Common stock dividends	-	-	-	(70,867)	(70,867)
Balance at December 31, 2013	3,478,968	\$ 86,974	\$ 534,597	\$ 459,097	\$ 1,080,668
Net income	-	-	-	112,235	112,235
Capital contributions	-	-	91,321	-	91,321
Common stock dividends	-	-	-	(83,495)	(83,495)
Balance at December 31, 2014	<u>3,478,968</u>	<u>\$ 86,974</u>	<u>\$ 625,918</u>	<u>\$ 487,837</u>	<u>\$ 1,200,729</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2014 and 2013
(Dollars in thousands)

Note 1: Organization and Operation

New Jersey-American Water Company, Inc. (the “Company”) provides water and wastewater services in the State of New Jersey. As a public utility operating in New Jersey, the Company functions under rules and regulations prescribed by the New Jersey Board of Public Utilities (the “Commission”). The Company is a wholly-owned subsidiary of American Water Works Company, Inc. (“AWW”).

Note 2: Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company considers benefit plans assumptions, the estimates used in impairment testing of other long-lived assets, including regulatory assets and liabilities, revenue recognition and accounting for income taxes to be its critical accounting estimates. The Company’s significant estimates that are particularly sensitive to change in the near term are amounts reported for pension and other postemployment benefits and contingency-related obligations.

Regulation

The Company is subject to regulation by the Commission, the New Jersey Department of Environmental Protection and the U.S. Environmental Protection Agency (collectively the “Regulators”). The Commission has historically allowed recovery of costs and credits which the Company has recorded as regulatory assets and liabilities. Accounting for future recovery of costs and credits as regulatory assets and liabilities is in accordance with authoritative guidance promulgated by U.S. GAAP. Under this guidance, regulated utilities defer costs and credits on the balance sheet as regulatory assets and liabilities when it is probable that those costs and credits will be recognized in the rate making process in a period different from the period in which they would have been reflected in operations by a non-regulated company. These deferred regulatory assets and liabilities are then reflected in the statement of income in the period in which the costs and credits are reflected in the rates charged for service.

Property, Plant and Equipment

Property, plant and equipment consist primarily of utility plant. Additions to utility plant and replacements of retirement units of property are capitalized. Costs include material, direct labor and such indirect items as engineering, supervision, payroll taxes, benefits, transportation and an allowance for funds used during construction. Repairs and maintenance are charged to operation and maintenance expense as incurred.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2014 and 2013

(Dollars in thousands)

When units of property are replaced, retired or abandoned, the recorded value thereof is credited to the asset account and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates, a regulatory asset or liability is recorded when timing differences exist between when the Company incurs costs of removal and when the Company recovers such costs in rates. Removal costs, net of salvage, are recorded as reductions to the regulatory liability or an increase to the regulatory asset, as applicable. Included in other long-term liabilities in the accompanying balance sheets is an asset retirement obligation (“ARO”) the Company had previously incurred related to legal requirements of removing residual material from a reservoir located at the Company’s Canoe Brook water treatment plant in Short Hills, NJ. The estimated obligation totaled \$9,278 and \$8,640 at December 31, 2014 and 2013, respectively. Accretion expense was \$638 and \$595 for the years ended December 31, 2014 and 2013, respectively.

The cost of property, plant and equipment is generally depreciated using the straight-line average remaining life using the composite method. Certain water treatment facilities utilize the units of production method of depreciation.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these assets amounted to \$82,648 and \$81,274 at December 31, 2014 and 2013, respectively. Computer software is included within the general structures and equipment category in Note 4.

Utility plant acquisition adjustments represent the difference between the fair value of plant at the date of purchase and its original cost when first devoted to public service (less accumulated depreciation) and are amortized to expense over predetermined amortization periods. Amortization of utility plant acquisition adjustments was \$350 for the years ended December 31, 2014 and 2013. The remaining useful lives range from 2 to 29 years.

Cash

Substantially all cash is invested in interest-bearing accounts.

Restricted Funds

Restricted funds represent proceeds received from financings for the construction and capital improvement of facilities. The proceeds of these financings are held in escrow until the designated expenditures are incurred. Classification of restricted funds in the balance sheet as either current or long-term is based on the intended use of the funds. The Company held restricted cash of \$3,276 and \$2,949 at December 31, 2014 and 2013, respectively.

Accounts and Unbilled Receivables

The majority of the Company’s accounts receivable is due from utility customers and represents amounts billed to the Company’s customers on a cycle basis. Credit is extended based on the guidelines of the Commission and collateral is generally not required. Payment terms vary. Unbilled receivables are accrued when service has been provided but has not been billed to customers.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2014 and 2013
(Dollars in thousands)

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is maintained for estimated probable losses resulting from the Company's inability to collect receivables. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due and previous loss history. The Company writes off accounts when they become uncollectible.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Long-Lived Assets

Long-lived assets and certain identifiable intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the future cash flows expected to result from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized. Measurement of an impairment loss would be based on the fair value of the assets. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

Advances for Construction and Contributions in Aid of Construction

The Company may receive advances for construction ("advances") and contributions in aid of construction ("contributions") from customers, home builders, real estate developers, and others to fund construction necessary to extend service to new areas. Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled.

Advances that are no longer refundable are reclassified to contributions. Contributions are permanent collections of plant assets or cash for a particular construction project. For rate-making purposes, the amount of such contributions generally serves as a rate base reduction since it represents non-investor supplied funds.

The Company depreciates utility plant funded by contributions and amortizes its contributions balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. Amortization of contributions was \$4,401 and \$4,417 for the years ended December 31, 2014 and 2013, respectively. For the years ended December 31, 2014 and 2013, non-cash advances and contributions received were \$869 and \$2,010, respectively.

Recognition of Revenues

Revenues are recognized as water and wastewater services are provided and include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the date of the meter reading associated with the latest customer invoice to the end of the accounting period. Other operating revenues are recognized when services are performed.

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Income Taxes

AWW and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns. Federal income tax expense for financial reporting purposes is provided on a separate return basis.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes have been provided on the difference between the tax bases of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates anticipated to be in effect when such temporary differences are projected to reverse. Anticipated tax rates are the currently enacted tax rates, as the Company is not aware of any tax rate changes. In addition, regulatory assets and liabilities are recognized for the effect on revenues expected to be realized as the tax effects of temporary differences previously flowed through to customers reverse.

Investment tax credits have been deferred and are being amortized to income over the average estimated service lives of the related assets.

Allowance for Funds Used During Construction (AFUDC)

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. AFUDC is recorded to the extent permitted by the Commission.

New Accounting Standards

The following recently issued accounting standards have been adopted by the Company and have been included in the results of operations, financial position or footnotes of the accompanying Financial Statements:

Obligations Resulting from Joint and Several Liability Arrangements

In February 2013, the Financial Accounting Standards Board (“FASB”) issued guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. Examples of obligations within the scope of the updated guidance include debt arrangements, other contractual obligations and settled litigation and judicial rulings. The update requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date as the sum of the following: (a) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. The updated guidance also includes additional disclosures regarding the nature and amount of the obligation, as well as other information about those obligations. The update was effective on a retrospective basis for interim and annual periods beginning after December 15, 2013, which for the Company was January 1, 2014. The adoption of this updated guidance did not have an impact on the Company’s results of operations, financial position or cash flows.

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The following recently issued accounting standards are not yet required to be adopted by the Company:

Service Concession Arrangements

In January 2014, the FASB issued guidance for an operating entity that enters into a service concession arrangement with a public sector grantor who controls or has the ability to modify or approve the services that the operating entity must provide with the infrastructure, to whom it must provide the services and at what price. The grantor also controls, through ownership or otherwise, any residual interest in the infrastructure at the end of the term of the arrangement. The guidance specifies that an operating entity should not account for the service concession arrangement as a lease. The operating entity should refer instead to other accounting guidance to account for the various aspects of the arrangement. The guidance also specifies that the infrastructure used in the arrangement should not be recognized as property, plant and equipment of the operating entity. This update should be applied on a modified retrospective basis to service concession arrangements that exist at the beginning of an entity's fiscal year of adoption. This requires the cumulative effect of applying the update to be recognized as an adjustment to the opening retained earnings balance for the annual period of adoption. The update is effective for interim and annual periods beginning after December 15, 2014, which for the Company is January 1, 2015. The adoption of this updated guidance will not have an impact on the Company's results of operations, financial position or cash flows.

Reporting Discontinued Operations

In April 2014, the FASB issued guidance that changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the updated guidance, a discontinued operation is defined as a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. A strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major part of the entity. A component comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity including a reportable segment, an operating segment, a reporting unit, a subsidiary or an asset group. The update no longer precludes presentation as a discontinued operation if there are operations and cash flows of the component that have not been eliminated from the reporting entity's ongoing operations or if there is significant continuing involvement with a component after its disposal. The updated guidance is effective on a prospective basis for interim and annual periods on or after December 15, 2014, which for the Company is January 1, 2015. In general, this guidance is likely to result in fewer disposals of assets qualifying as discontinued operations, but will ultimately be based on the Company's future disposal activity.

Revenue from Contracts with Customers

In May 2014, the FASB issued a comprehensive new revenue recognition standard that supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to

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which the company expects to be entitled in exchange for those goods or services. The guidance is effective for annual and interim periods beginning December 15, 2016, which for the Company is January 1, 2017. Early adoption is not permitted. The new guidance allows for either full retrospective adoption, meaning the guidance is applied to all of the periods presented, or modified retrospective adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company is evaluating the new guidance, the best transition method and the impact the new standard will have on its results of operations, financial position or cash flows.

Accounting for Stock-based Compensation with Performance Targets

In June 2014, the FASB issued guidance for the accounting for stock-based compensation tied to performance targets. The amendments clarify that a performance target that affects vesting of a share-based payment and that could be achieved after the requisite service period is a performance condition. As a result, the target is not reflected in the estimation of the award's grant date fair value and compensation cost would be recognized over the required service period, if it is probable that the performance condition will be achieved. The updated guidance may be applied either: (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The updated guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, which for the Company is January 1, 2016. Early adoption is permitted. The Company is evaluating the impact the updated guidance will have on its results of operations, financial position or cash flows.

Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern

In August 2014, the FASB issued guidance that explicitly requires an entity's management to assess the entity's ability to continue as a going concern. The new guidance requires an entity to evaluate, at each interim and annual period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued (or are available to be issued) and to provide related disclosures, if applicable. The new guidance is effective for annual periods ending after December 15, 2016 and for interim and annual periods thereafter, which for the Company is January 1, 2017. Early adoption is permitted. The adoption of this updated guidance is not expected to have a material impact on results of operations, financial position or cash flows.

Extraordinary and Unusual Items

In January 2015, the FASB issued guidance that eliminates the concept of an extraordinary item. As a result, an entity will no longer segregate an extraordinary item and present it separately from the results of ordinary operations or separately disclose income taxes or earnings per share information applicable to an extraordinary item. The presentation and disclosure guidance for items that are unusual in nature or occur infrequently has been retained and expanded to include items that are both unusual in nature and infrequently occurring. The updated guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, which for the Company is January 1, 2016. Early adoption

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is permitted. The updated guidance may be applied prospectively or retrospectively to all periods presented in the financial statements. The adoption of this updated guidance is not expected to have a material impact on results of operations, financial position or cash flows.

Reclassifications

Certain reclassifications have been made to conform previously reported data to the current presentation.

Note 3: Acquisitions

During 2014, the Company acquired one regulated wastewater system for a total aggregate purchase price of \$250. Assets acquired, principally utility plant, totaled \$250. The Company did not have any acquisitions during 2013.

Note 4: Utility Plant

The components of utility plant by category at December 31 are as follows:

	Range of Remaining Useful Life	2014	2013
Land and other non-depreciable assets	-	\$ 33,212	\$ 33,406
Sources of supply	33 to 83 Years	148,097	140,755
Treatment and pumping	17 to 38 Years	889,291	860,996
Transmission and distribution	17 to 116 Years	1,712,049	1,594,019
Services, meters and fire hydrants	9 to 66 Years	797,959	742,839
General structures and equipment	5 to 112 Years	253,362	233,335
Wastewater	5 to 62 Years	169,358	160,141
Construction work in progress	-	73,756	82,594
		<u>4,077,084</u>	<u>3,848,085</u>
Less: Accumulated depreciation		(975,301)	(903,572)
		<u>\$ 3,101,783</u>	<u>\$ 2,944,513</u>

The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 3.06% in 2014 and 3.00% in 2013. The Company records depreciation in conformity with amounts approved by state regulators after regulatory review of information the Company submits to support its estimates of the assets remaining useful lives. Included within the general structures and equipment category is a capital lease asset with a gross value of \$1,100 at December 31, 2014 and 2013.

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Note 5: Regulatory Assets and Liabilities

Regulatory Assets

Regulatory assets represent costs that are expected to be fully recovered from customers in future rates. Except for income taxes, regulatory assets are excluded from the Company's rate base and generally do not earn a return.

The components of regulatory assets are as follows:

	<u>2014</u>	<u>2013</u>
Cost of removal	\$ 72,822	\$ 51,822
Income taxes recoverable through rates	25,581	25,201
Debt expense	22,705	23,994
Pension expense	3,772	4,806
Purchase premium recoverable through rates	4,064	4,184
Other	3,061	3,177
	<u>\$ 132,005</u>	<u>\$ 113,184</u>

Cost of removal represents retirement costs expected to be recovered through future customer rates during the life of the associated assets.

The Company has recorded a regulatory asset for the additional revenues expected to be realized as the tax effects of temporary differences reverse. These temporary differences are primarily related to the difference between book and tax depreciation on property placed in service before the adoption by the Commission of full normalization for rate-making purposes. The regulatory asset for income taxes recoverable through rates is net of the reduction expected in future revenues as deferred taxes previously provided, attributable to the difference between federal income tax rates under prior law and the current statutory rates, reverse over the average remaining service lives of the related assets.

Debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt expense, are deferred and amortized to the extent they will be recovered through future service rates. Expenses of issues with sinking fund provisions are charged to operations as shares are retired.

Pension expense in excess of the amount contributed to the pension plan prior to February 19, 2004 was deferred. Pursuant to its order dated February 19, 2004, the Commission authorized pension expense to be recognized on the basis of the funding obligation regardless of the amount contributed to the plan. The amount deferred is being amortized over a period of 20 years through March 2024.

Purchase premium recoverable through rates represents the premium paid for prior acquisitions and are amortized over 40 years through 2048, as approved by the Commission.

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Other includes deferred postretirement benefit costs, deferred rate proceedings costs and certain employee benefits.

Regulatory Liabilities

Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates, items deferred pending Commission guidance, or amounts recovered from customers in advance of incurring the costs.

The components of regulatory liabilities are as follows:

	<u>2014</u>	<u>2013</u>
Cost of removal	\$ 40,700	41,900
MTBE settlement	9,809	10,080
Other	4,190	1,035
	<u>\$ 54,699</u>	<u>\$ 53,015</u>

The Company has a cost of removal liability that is reported separately from its cost of removal asset pursuant to a Commission Order dated December 8, 2008. The cost of removal liability includes costs recovered through customer rates in excess of retirement costs incurred. These costs will be refunded through customer rates during the life of the associated assets.

The Company has received settlement proceeds from lawsuits seeking to recover cleanup and treatment costs and seeking to protect certain groundwater supplies related to contamination by methyl tertiary butyl ether ("MTBE") and other gasoline additives. The MTBE settlement is being amortized on a straight line basis over a period of 40 years through December 2050.

Other primarily includes costs recovered for purchase water and sewage treatment charges in excess of the recoverable amount allowed by the Commission.

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Note 6: Long-Term Debt

The components of long-term debt at December 31 are as follows:

	Rate	Weighted Average Rate	Maturity Date	2014	2013
First mortgage bonds	4.29%-9.25%	5.66%	2019-2039	\$ 508,425	\$ 508,425
Variable rate loans	0.00%-5.50%	1.69%	2015-2033	95,090	92,940
Notes payable to affiliated company	2.65%-6.59%	5.39%	2017-2042	490,500	447,500
Capital lease obligations	12.17%	12.17%	2026	886	913
Long-term debt				1,094,901	1,049,778
Unamortized debt (premium) discount, net				(1,837)	(1,669)
Total long-term debt				<u>\$ 1,096,738</u>	<u>\$ 1,051,447</u>

First mortgage bonds are issued in series. No bonds senior to the general mortgage bonds or debentures may be issued so long as either remains outstanding. Based on the calculation methodology specified by the debt agreements, the amount of bonds authorized is limited, as long-term debt cannot exceed 65% of total capitalization, and adjusted net income of the Company must be equal to or greater than 1.5 times the aggregate annual interest charges on all long-term debt of the Company. At December 31, 2014 the long-term debt was 48% of total capitalization and net income excluding gains or losses on property sales, amortization of debt issuance costs, interest on long-term debt, and provision for income taxes was 4.2 times the aggregate annual interest charges on all long-term debt. General mortgage bonds are collateralized by utility plant.

The Company has entered into certain loan agreements with the New Jersey Environmental Infrastructure Trust (“NJEIT”). Under the terms of these loans, the Company requests funds as needed to fund a portion of eligible costs to construct certain environmental infrastructure facilities. The loans are accounted for including amounts not yet withdrawn that remain in the trust, with these amounts reflected as restricted funds until drawn down by the Company.

In 2014, the Company issued \$9,977 of NJEIT variable rate loans at a weighted average rate of 1.82%, due in 2033. Proceeds are restricted, and as such have been presented as restricted funds in the balance sheets at December 31, 2014 and 2013. Also in 2014, the Company applied \$1,021 of its restricted cash to pay down certain NJEIT loans. The net proceeds from the NJEIT loans has been presented as non-cash financing activity in the statements of cash flows.

In 2013, the Company applied \$3,565 of its restricted cash to pay down certain NJEIT loans, which has been presented as non-cash financing activity in the statements of cash flows.

The long-term notes payable to affiliate are unsecured and were issued to American Water Capital Corporation (“AWCC”), a subsidiary of AWW, for the principal amount. AWCC

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provided the funding for these notes by issuing senior notes to institutional investors at a price equal to the principal amount.

In August 2014, the Company issued a bond for \$43,000 at an interest rate of 3.40% due in 2025.

In November 2013, the Company issued a bond for \$70,000 at an interest rate of 3.85%, due in 2024.

Maturities of long-term debt, including sinking fund payments and capital leases, will amount to \$7,172 in 2015, \$7,237 in 2016, \$22,139 in 2017, \$35,313 in 2018, \$31,103 in 2019 and \$991,937 thereafter. The Company has a capital lease of a building which expires in 2026.

Note 7: Short-Term Debt

The Company maintained a line of credit through AWCC, of \$185,000 and \$150,000 for years 2014 and 2013, respectively. The Company may borrow from, or invest in, the line of credit. No compensating balances are required under the agreements. Funds were primarily used for short-term operating needs. There were \$5,293 and \$92,429 of outstanding borrowings at December 31, 2014 and 2013, respectively. The weighted average annual interest rate on these borrowings was .30% and .39% in 2014 and 2013, respectively. Short-term borrowings are presented as notes payable-affiliated company in the balance sheets at December 31, 2014 and 2013.

AWW, through AWCC, has committed to make additional financing available to the Company, as needed, to pay its obligations as they come due.

The Company received capital contributions of \$91,000 from American Water Works Company in 2014. The proceeds from these contributions were primarily used to pay down short-term debt.

Note 8: General Taxes

Components of general tax expense for the years presented in the statements of income are as follows:

	2014	2013
Gross receipts and franchise	\$ 83,429	\$ 83,769
Property	5,247	5,119
Payroll	3,439	3,469
Other general	2,742	2,540
	<u>\$ 94,857</u>	<u>\$ 94,897</u>

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Note 9: Income Taxes

Components of income tax expense for the years presented in the statements of income are as follows:

	<u>2014</u>	<u>2013</u>
Federal income taxes:		
Current	\$ 10,695	\$ (7,195)
Deferred		
Current	(260)	(260)
Non-current	48,196	64,972
Amortization of deferred investment tax credits	(356)	(356)
Total income taxes	<u>\$ 58,275</u>	<u>\$ 57,161</u>

The primary components of the net deferred tax liability of \$559,416 and \$515,877 at December 31, 2014 and December 31, 2013 include basis differences in utility plant partially offset by advances and contributions. No valuation allowances were required on deferred tax assets at December 31, 2014 and 2013, as management believes it is more likely than not that deferred tax assets will be realized.

As of December 31, 2014 and 2013, the Company's reserve for uncertain tax position is \$ 41,381 and \$29,760, respectively, excluding accrued interest and penalties. The Company does not expect a material change in this estimate in the next twelve months. The reserve could increase or decrease for things such as expiration of statutes of limitations, audit settlements, or tax examination activities.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company did not have any interest or penalties related to tax matters as of December 31, 2014 and 2013, respectively.

The federal tax years from 2012 to 2013 remain open, with the earliest year's statute expiring in 2016. The Company is not subject to state income taxes.

Note 10: Employee Benefit Plans

Savings Plans for Employees

The Company maintains a 401(k) Savings Plan, sponsored by AWW, allowing employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions that are based on a percentage of an employee's contribution, subject to certain limitations. All of the Company's contributions are invested in one or more funds at the direction of the employee. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006 the Company began providing an additional 5.25% of base pay defined

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contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006.

The Company expensed their contributions to the above plans, which totaled \$1,507 and \$2,503 for 2014 and 2013, respectively.

Pension Benefits

The Company participates in a Company-funded defined benefit pension plan, sponsored by AWW, covering eligible employees hired before January 1, 2006. Benefits under the plan are based on the employees' years of service and compensation. The pension plan has been closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001 had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement.

Pension cost of the Company is based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level. The Company was allocated costs of \$3,121 and \$10,431 for 2014 and 2013, respectively.

AWW's funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, AWW will consider additional contributions if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006. AWW may also consider increased contributions based on other financial requirements and the plan's funded position. Pension contributions of the Company are based on an allocation from AWW of the total contributions related to the plan. Contributions are allocated to the Company from AWW based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. The Company made contributions of \$6,147 in 2014 and \$11,486 in 2013, respectively. The Company expects to contribute \$4,810 to the AWW plan in 2015.

The Company sponsored a supplemental retirement plan ("SERP") plan for certain former management employees. Eligibility was based upon completion of 20 years of service; payments were based upon 60% of average compensation over the eligible employee's final three years of service, net of amounts earned under the plan. Benefits were payable for a period of 15 years, and were made directly by the Company. The remaining balance was \$506 at December 31, 2014 and 2013.

Postretirement Benefits Other Than Pensions

The Company participates in a company-funded plan, sponsored by AWW that provides varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are

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closed for union employees hired on or after January 1, 2006, and for non-union employees hired on or after January 1, 2002.

Costs of the Company are based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's covered participants as a percentage of AWW's total plan covered participants. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

The Company is allocated costs for all postretirement plans sponsored by AWW that provide certain life insurance and health care benefits for retired employees. Allocated costs and contributions made to trust funds established for these postretirement benefits of all plans above totaled \$2,115 and \$4,923 for 2014 and 2013, respectively. Information regarding postretirement benefits is not prepared at the subsidiary level.

The Company's policy is to fund postretirement benefits costs accrued. The Company expects to contribute \$4,677 to the AWW plan in 2015.

Note 11: Stock-Based Compensation

Stock Options and Restricted Stock Units

In 2014 and 2013, AWW granted restricted stock units, both with and without performance conditions, and stock options to certain employees of the Company under the AWW 2007 Omnibus Equity Compensation Plan ("Omnibus Plan"). The restricted stock units without performance conditions vest ratably over the three-year service period beginning January 1 of the year of the grant. The restricted stock units with performance conditions vest ratably over the three-year performance period beginning January 1 of each year (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of certain thresholds over the Performance Period. The thresholds are based on achievement of internal performance measures and separately certain market factors over the Performance Periods. The stock options vest ratably over a three year service period beginning January 1, 2014 and 2013, respectively.

The grant date fair value of restricted stock unit awards with performance conditions is amortized through expense over the requisite service period using the graded-vesting method. The value of stock options and the restricted stock unit awards without performance conditions at the date of the grant is amortized through expense over the requisite service period using the straight-line method.

Costs of the Company are based on the cost of the Company's employees participating in the AWW Omnibus Plan. The Company recorded compensation expense of \$221 and \$173, included in operation and maintenance expense, during the years ended December 31, 2014 and 2013, respectively. As the Company does not reimburse the cost of the awards to AWW, the offsetting entry to paid-in-capital is a capital contribution from AWW.

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Employee Stock Purchase Plan

Under AWW’s Nonqualified Employee Stock Purchase Plan (“ESPP”), the Company’s employees can use payroll deductions to acquire AWW common stock at the lesser of 90% of the fair market value of a) the beginning or b) the end of each three-month purchase period. AWW’s ESPP is considered compensatory. The Company’s costs are based on an allocation from AWW of the total cost for the Company’s employees in the plan. Compensation costs of \$99 and \$93 were included in operation and maintenance expense for the years ended December 31, 2014 and 2013, respectively. As the Company does not reimburse the cost of the awards to AWW, the offsetting entry to paid-in capital is a capital contribution from AWW.

Note 12: Related Party Transactions

American Water Works Service Company, Inc. (“AWWS”), a subsidiary of AWW, provides certain management services to the Company (administration, accounting, data processing, engineering, etc.) and other operating water companies in the AWW system on an at-cost, not-for-profit basis in accordance with a management and service agreement.

Purchases of such services by the Company were accounted for as follows:

	<u>2014</u>	<u>2013</u>
Included in operation and maintenance expense as a charge against income	\$ 40,925	\$ 43,648
Capitalized primarily in utility plant	11,430	15,053
	<u>\$ 52,355</u>	<u>\$ 58,701</u>

The Company maintains a line of credit through AWCC. The Company also participates in AWCC’s centralized treasury function, whereby the Company transfers its cash to AWCC and the Company’s checks are issued out of AWCC. Under this arrangement, available cash is used to pay-down the line of credit and issued checks increase the Company’s line of credit balance.

The Company paid AWCC fees, including debt issuance costs, of \$331 in 2014 and \$337 in 2013 and recorded interest expense on short-term borrowings of \$133 in 2014 and \$141 in 2013. Interest expense on long-term debt with AWCC amounted to \$24,056 and \$23,001 in 2014 and 2013, respectively.

Accrued interest expense included amounts due to AWCC of \$4,493 and \$3,349 for 2014 and 2013, respectively.

The Company provides billing and collection services to American Water Resources, Inc. (“AWR”), a subsidiary of AWE. AWR offers customer protection plans that provide water line, sewer line and in-home protection. The Company recorded revenue of \$296 in 2014 and \$288 in 2013 related to the billing and collection services.

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The Company sells water to affiliated companies, which are other subsidiaries of AWE to fulfill their obligations to provide water to outside parties. Sales to other AWW affiliates totaled \$14,424 in 2014 and \$14,181 in 2013.

The Company provides to Edison Water Company (“EWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a water service agreement for the Township of Edison’s municipal water system. The amount collected from EWC was \$524 and \$514 in 2014 and 2013, respectively.

The Company provides to Liberty Water Company (“LWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a water service agreement for the City of Elizabeth’s municipal water system. The amount collected from LWC was \$1,048 and \$1,182 in 2014 and 2013, respectively.

The Company provides to E’town Services, LLC (“ETS”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a wastewater service agreement for the City of Elizabeth’s wastewater system. The amount collected from ETS was \$766 and \$827 in 2014 and 2013, respectively.

The Company pays dividends to AWW on a quarterly basis. The amount of the dividend is based on a percentage of net income adjusted for certain items. The Company paid dividends of \$83,495 and \$70,867 for the years ended December 31, 2014 and 2013, respectively.

The Company leases office space to AWW and AWWS. The Company recorded rental income of \$1,233 and \$1,197 for the years ended December 31, 2014 and December 31, 2013, respectively.

Note 13: Fair Values of Financial Instruments

Fair Value Measurements

To increase consistency and comparability in fair value measurements, FASB guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-trade equity securities, exchange-based derivatives, mutual funds, and money market funds.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs

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include fixed income securities, non-exchanged-based derivatives, commingled investment funds not subject to purchase, and sale restrictions and fair-value hedges.

- Level 3 – unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Current assets and current liabilities: The carrying amounts reported in the Balance Sheets for current assets and current liabilities approximate their fair values.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Long-term debt: The fair values of the Company's long-term debt are determined by a valuation model which is based on a conventional discounted cash flow methodology and utilizes assumptions of current market rates. As the Company's debts do not trade in active markets, the Company calculated a base yield curve using a risk-free rate (a U.S. Treasury securities yield curve) plus a credit spread that is based on the following two factors: an average of AWW's own publicly-traded debt securities and the current market rates for U.S. Utility A-debt securities. The Company used these yield curve assumptions to derive a base yield and then adjusted the base yield for specific features of the debt securities including call features, coupon tax treatment and collateral.

The carrying amounts and fair values of the financial instruments are as follows:

	Carrying Amount	At Fair Value as of December 31, 2014			
		Level 1	Level 2	Level 3	Total
Long-term debt (excluding capital lease obligations)	\$ 1,095,852	\$ -	\$ 568,990	\$ 694,736	\$ 1,263,726

	Carrying Amount	At Fair Value as of December 31, 2013			
		Level 1	Level 2	Level 3	Total
Long-term debt (excluding capital lease obligations)	\$ 1,050,534	\$ -	\$ 481,507	\$ 619,278	\$ 1,100,785

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2014 and 2013
(Dollars in thousands)

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy as of December 31, 2014 and 2013, respectively:

Recurring Fair Value Measurements	At Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 3,276	\$ -	\$ -	\$ 3,276
Deposits	2,925	-	-	2,925
Total assets	<u>\$ 6,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,201</u>
Liabilities:				
Deferred compensation obligation	\$ -	\$ 147	\$ -	\$ 147
Total liabilities	-	147	-	147
Total net assets (liabilities)	<u>\$ 6,201</u>	<u>\$ (147)</u>	<u>\$ -</u>	<u>\$ 6,054</u>

Recurring Fair Value Measurements	At Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 2,949	\$ -	\$ -	\$ 2,949
Deposits	92	-	-	92
Total assets	<u>\$ 3,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,041</u>
Liabilities:				
Deferred compensation obligation	\$ -	\$ 110	\$ -	\$ 110
Total liabilities	-	110	-	110
Total net assets (liabilities)	<u>\$ 3,041</u>	<u>\$ (110)</u>	<u>\$ -</u>	<u>\$ 2,931</u>

Restricted funds – The Company’s restricted funds represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation and maintenance projects. The proceeds of these financings are held in escrow until the designated expenditures are incurred. Restricted funds are classified in the balance sheet as either current or long-term is based on the intended use of the funds.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2014 and 2013
(Dollars in thousands)

Deposits – Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets.

Deferred compensation obligations – The Company’s deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities. The value of the Company’s deferred compensation obligations is based on the market value of the participants’ notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Note 14: Leases

The Company has entered into operating leases involving certain equipment and vehicles. Rental expenses under operating leases were \$459 and \$93 in 2014 and 2013, respectively, which are included in operations and maintenance expense. The operating leases have various expiration dates through 2022.

At December 31, 2014, the minimum annual future rental commitments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are, \$73 in years 2015, \$23 in 2016, \$21 in 2017 through 2019 and \$54 thereafter.

Note 15: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legally binding contracts amounted to \$21,567 at December 31, 2014.

The Company also maintains long-term agreements with various third party suppliers for the purchase of water, wastewater treatment and disposal, natural gas, and electrical energy services. Costs incurred related to these commitments were \$53,963 for the year ended December 31, 2014. The total future annual commitments for purchased services having non-cancelable terms is estimated to be \$46,250 in 2015, \$29,723 in 2016, \$23,076 in 2017, \$23,078 in 2018, \$23,078 in 2019, and \$226,038 thereafter.

The Company is routinely involved in legal actions incident to the normal conduct of its business. At December 31, 2014, the Company has not identified any loss contingencies that are probable; however, it is reasonably possible that losses could range up to \$1,800 for existing matters. For certain matters, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such claims or actions, will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2014 and 2013
(Dollars in thousands)

Note 16: Subsequent Events

The Company performed an evaluation of subsequent events for the accompanying financial statements through March 31, 2015, the date this report was issued to determine whether the circumstances warranted recognition and disclosure of those events or transactions in the financial statements as of December 31, 2014.

New Jersey-American Water Company, Inc.

**(a wholly-owned subsidiary of
American Water Works Company, Inc.)**

Financial Statements

As of and for the years ended December 31, 2015 and 2014



Independent Auditor's Report

To the Board of Directors of
New Jersey-American Water Company, Inc.

We have audited the accompanying financial statements of New Jersey-American Water Company, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, of changes in common stockholder's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey-American Water Company, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 31, 2016

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Balance Sheets****December 31, 2015 and 2014**

(Dollars in thousands)

	2015	2014
Assets		
Property, plant and equipment, net		
Utility plant - at original cost, net	\$ 3,346,850	\$ 3,101,783
Utility plant acquisition adjustments, net	5,550	5,900
Nonutility property, net	601	606
Total property, plant and equipment, net	<u>3,353,001</u>	<u>3,108,289</u>
Current assets		
Cash	2,169	1,710
Accounts receivable	57,926	53,347
Allowance for uncollectible accounts	(6,679)	(5,394)
Unbilled revenues	31,448	27,737
Federal income tax receivable - affiliated company	23,678	588
Materials and supplies	8,287	7,787
Prepaid taxes	4,768	7,466
Other	1,555	4,284
Total current assets	123,152	97,525
Regulatory and other long-term assets		
Regulatory assets	165,739	132,005
Goodwill	1,983	-
Prepaid pension expense	17,548	20,143
Restricted funds	1,421	3,276
Other	604	462
Total regulatory and other long-term assets	187,295	155,886
Total assets	<u>\$ 3,663,448</u>	<u>\$ 3,361,700</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Balance Sheets
December 31, 2015 and 2014
(Dollars in thousands)

Capitalization and Liabilities

	<u>2015</u>	<u>2014</u>
Capitalization		
Common stockholder's equity	\$ 1,281,479	\$ 1,200,729
Long-term debt	<u>1,166,104</u>	<u>1,089,566</u>
Total capitalization	2,447,583	2,290,295
Current liabilities		
Notes payable - affiliated company	1,694	5,293
Current portion of long-term debt	7,237	7,172
Accounts payable	81,021	63,625
Accounts payable - affiliated company	46,323	8,733
Accrued interest	11,999	10,704
Accrued taxes	839	690
Refunds due to customers	4,742	3,418
Current portion of advances for construction	9,583	8,894
Other	26,811	21,981
Total current liabilities	190,249	130,510
Regulatory and other long-term liabilities		
Deferred income taxes, net	628,755	559,416
Advances for construction	47,439	49,577
Deferred investment tax credits	9,447	9,803
Regulatory liabilities	51,039	54,699
Accrued postretirement benefit expense	14,902	14,606
Other tax liabilities	35,028	20,033
Other	11,936	11,569
Total regulatory and other long-term liabilities	<u>798,546</u>	<u>719,703</u>
Contributions in aid of construction	<u>227,070</u>	<u>221,192</u>
Commitments and contingencies (see Note 15)	<u>-</u>	<u>-</u>
Total capitalization and liabilities	<u>\$ 3,663,448</u>	<u>\$ 3,361,700</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Income
For the Years Ended December 31, 2015 and 2014
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 703,727	\$ 652,328
Operating expenses (income)		
Operation and maintenance	248,370	240,470
Depreciation	94,677	89,022
Amortization	7,195	7,805
General taxes	95,647	94,857
Gain on disposition of property	(74)	(65)
Total operating expenses, net	445,815	432,089
Operating income	257,912	220,239
Other income (expenses)		
Interest, net	(55,969)	(54,391)
Allowance for other funds used during construction	5,096	4,705
Allowance for borrowed funds used during construction	1,713	1,602
Amortization of debt expense	(2,097)	(1,935)
Other, net	341	290
Total other expenses	(50,916)	(49,729)
Income before income taxes	206,996	170,510
Provision for income taxes	72,782	58,275
Net income	<u>\$ 134,214</u>	<u>\$ 112,235</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
(Dollars in thousands)

	2015	2014
Cash flows from operating activities		
Net income	\$ 134,214	\$ 112,235
Adjustments		
Depreciation and amortization	101,872	96,827
Amortization of debt expense	2,097	1,935
Provision for deferred income taxes	85,344	47,936
Amortization of deferred investment tax credits	(356)	(357)
Provision for losses on accounts receivable	4,652	3,359
Allowance for other funds used during construction	(5,096)	(4,708)
Gain on disposition of property	(74)	(65)
Pension and non-pension postretirement benefits	12,082	5,236
Other, net	(4,870)	4,697
Changes in assets and liabilities		
Accounts receivable and unbilled revenues	(10,333)	9,408
Federal income tax refund due from affiliated company	(23,392)	20,192
Other current assets	4,927	3,855
Pension and non-pension postretirement benefit contributions	(9,487)	(8,262)
Accounts payable	8,124	(5,243)
Accounts payable – affiliated company	(3,651)	533
Accrued taxes	149	74
Other current liabilities	6,125	7,265
Net cash provided by operating activities	302,327	287,207
Cash flows from investing activities		
Capital expenditures	(301,339)	(243,294)
Acquisitions	(28,800)	(250)
Removal costs from property, plant and equipment retirements, net of salvage of \$870 and \$9,774 in 2015 and 2014, respectively	(39,078)	(18,810)
Proceeds from the disposition of property, plant and equipment	220	100
Funds released from restriction	1,555	8,628
Net cash used in investing activities	(367,442)	(253,626)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	86,700	43,000
Repayments of long-term debt	(7,165)	(6,834)
Net repayments of notes payable - affiliated company	(3,599)	(87,136)
Advances and contributions, net of refunds of \$10,952 and \$9,099 in 2015 and 2014, respectively	4,548	10,327
Capital contributions by stockholder	45,700	91,000
Dividends paid	(58,272)	(83,495)
Debt issuance costs	(2,338)	(356)
Net cash provided by (used in) financing activities	65,574	(33,494)
Net increase in cash	459	87
Cash at beginning of year	1,710	1,623
Cash at end of year	\$ 2,169	\$ 1,710
Cash paid during the year for:		
Interest, net of capitalized amount	\$ 55,574	\$ 53,469
Income taxes	\$ 11,774	\$ 992
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of year-end	\$ 56,363	\$ 38,156
Non-cash financing activity		
Dividends declared and unpaid	\$ 41,261	\$ -
Capital contributions by stockholder (see Note 11)	\$ 369	\$ 320
Long-term debt	\$ (1,275)	\$ 8,956

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Changes in Common Stockholder's Equity
For the Years Ended December 31, 2015 and 2014
(Dollars in thousands)

	Common Stock		Paid-in Capital	Retained Earnings	Total
	Shares	Par Value			
Balance at December 31, 2013	3,478,968	\$ 86,974	\$ 534,597	\$ 459,097	\$ 1,080,668
Net income	-	-	-	112,235	112,235
Capital contributions	-	-	91,321	-	91,321
Common stock dividends	-	-	-	(83,495)	(83,495)
Balance at December 31, 2014	3,478,968	\$ 86,974	\$ 625,918	\$ 487,837	\$ 1,200,729
Net income	-	-	-	134,214	134,214
Capital contributions	-	-	46,069	-	46,069
Common stock dividends	-	-	-	(99,533)	(99,533)
Balance at December 31, 2015	<u>3,478,968</u>	<u>\$ 86,974</u>	<u>\$ 671,987</u>	<u>\$ 522,518</u>	<u>\$ 1,281,479</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2015 and 2014
(Dollars in thousands)

Note 1: Organization and Operation

New Jersey-American Water Company, Inc. (the “Company”) provides water and wastewater services in the State of New Jersey. As a public utility operating in New Jersey, the Company functions under rules and regulations prescribed by the New Jersey Board of Public Utilities (the “Commission”). The Company is a wholly-owned subsidiary of American Water Works Company, Inc. (“AWW”).

Note 2: Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company considers its critical accounting estimates to include: the application of regulatory accounting principles and the related determination and estimates of regulatory assets; estimates used in impairment testing of goodwill and other long-lived assets, including regulatory assets and liabilities; revenue recognition; accounting for income taxes; benefit plan assumptions; and contingent liabilities. The Company’s critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, benefit plan assumptions and contingency-related obligations.

Regulation

The Company is subject to regulation by the Commission, the New Jersey Department of Environmental Protection and the U.S. Environmental Protection Agency. The Commission generally authorizes revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. The Commission may also impose certain penalties or grant certain incentives. Due to timing and other differences in the collection of utility revenue, an incurred cost that would otherwise be charged to expense is to be deferred as a regulatory asset if it is probable that the cost is recoverable in future rates. Conversely, GAAP requires recording of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future or amounts collected in excess of costs incurred and refundable to customers.

Property, Plant and Equipment

Property, plant and equipment consist primarily of utility plant. Additions to utility plant and replacements of retirement units of property are capitalized. Costs include material, direct labor and such indirect items as engineering, supervision, payroll taxes, benefits, transportation and an allowance for funds used during construction. Repairs and maintenance are charged to operation and maintenance expense as incurred.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
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(Dollars in thousands)

When units of property are replaced, retired or abandoned, the recorded value thereof is credited to the asset account and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The Company records depreciation in conformity with amounts approved by the Commission after regulatory review of information the Company submits to support its estimates of the assets' remaining useful lives. The cost of property, plant and equipment is generally depreciated using the straight-line average remaining life using the composite method. Certain water treatment facilities are depreciated using the units of production method.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these assets amounted to \$81,131 and \$82,648 at December 31, 2015 and 2014, respectively. Computer software is included in the general structures and equipment category in Note 4.

Utility plant acquisition adjustments represent the difference between the fair value of plant at the date of purchase and its original cost when first devoted to public service, less accumulated depreciation, and are amortized to expense over amortization periods authorized by the Commission. Amortization of utility plant acquisition adjustments was \$350 for the years ended December 31, 2015 and 2014. The remaining useful lives range from 1 to 28 years.

Cash

Substantially all of the Company's cash is invested in interest-bearing accounts.

Restricted Funds

Restricted funds represent proceeds received from financings for the construction and capital improvement of facilities. The proceeds of these financings are held in escrow until the designated expenditures are incurred. Classification of restricted funds in the Balance Sheets as either current or long-term is based on the intended use of the funds.

Accounts Receivable

The majority of the Company's accounts receivable is due from utility customers and represents amounts billed to the Company's customers on a cycle basis. Credit is extended based on the guidelines of the Commission and collateral is generally not required.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2015 and 2014
(Dollars in thousands)

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is maintained for estimated probable losses resulting from the Company's inability to collect receivables. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due and previous loss history. The Company writes off accounts when they become uncollectible.

Unbilled Revenues

Unbilled revenues are accrued when service has been provided but has not been billed to customers.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the future cash flows expected to result from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized. Measurement of an impairment loss would be based on the fair value of the assets. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

Goodwill

The Company has recorded \$1,983 of goodwill at December 31, 2015. Goodwill is not amortized, but is tested for impairment at least annually or on an interim basis if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company's annual impairment test is performed as of November 30 of each year, in conjunction with the completion of the Company's annual business plan. The Company assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If based on qualitative factors, the fair value of the reporting unit is more likely than not greater than the carrying amount, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment, but determines that it is more likely than not that its fair value is less than its carrying amount, a quantitative two-step, fair value-based test is performed.

The first step compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. If the estimated fair value of any reporting unit is less than such reporting unit's carrying value, then the second step is performed to measure the amount of the impairment loss (if any) for such reporting unit.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
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The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation accounting guidance in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount for the reporting unit, an impairment loss is recorded as a reduction to goodwill and a charge to operating expense. Application of the goodwill impairment test requires management judgment, including the estimation of the fair value of the reporting unit. Management estimates fair value using a combination of a discounted cash flow analysis and market multiples analysis. Significant assumptions used in these fair value analyses include discount and growth rates and projected terminal values.

Advances for Construction and Contributions in Aid of Construction

The Company may receive advances for construction and contributions in aid of construction from customers, home builders, real estate developers, and others to fund construction necessary to extend service to new areas. Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled.

Advances that are no longer refundable are reclassified to contributions. Contributions are permanent collections of plant assets or cash for a particular construction project. For rate-making purposes, the amount of such contributions generally serves as a rate base reduction since it represents non-investor supplied funds.

The Company depreciates utility plant funded by contributions and amortizes its contributions balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. Amortization of contributions was \$4,510 and \$4,401 for the years ended December 31, 2015 and 2014, respectively. For the years ended December 31, 2015 and 2014, non-cash advances and contributions received were \$2,828 and \$869, respectively.

Recognition of Revenues

Revenues are recognized as water and wastewater services are provided and include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the date of the meter reading associated with the latest customer invoice to the end of the accounting period. Other operating revenues are recognized when services are performed.

Income Taxes

AWW and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns. Federal income tax expense for financial reporting purposes is provided on a separate return basis.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2015 and 2014
(Dollars in thousands)

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes have been provided on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates anticipated to be in effect when such temporary differences are projected to reverse. Anticipated tax rates are the currently enacted tax rates, as the Company is not aware of any tax rate changes. In addition, regulatory assets and liabilities are recognized for the effect on revenues expected to be realized as the tax effects of temporary differences previously flowed through to customers reverse.

Investment tax credits have been deferred and are being amortized to income over the average estimated service lives of the related assets.

Allowance for Funds Used During Construction (“AFUDC”)

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. AFUDC is recorded to the extent permitted by the Commission.

Asset Retirement Obligations (“ARO”)

Included in other long-term liabilities in the Balance Sheets is an ARO the Company had previously incurred related to legal requirements of removing residual material from a reservoir located at the Company’s Canoe Brook water treatment plant in Short Hills, NJ. The estimated ARO totaled \$9,729 and \$9,278 at December 31, 2015 and 2014, respectively. Accretion expense was \$451 and \$638 for the years ended December 31, 2015 and 2014, respectively.

New Accounting Standards

The following recently issued accounting standards have been adopted by the Company at December 31, 2015.

Service Concession Arrangements

In January 2014, the Financial Accounting Standards Board (“FASB”) issued guidance for an operating entity that enters into a service concession arrangement with a public sector grantor who controls or has the ability to modify or approve the services that the operating entity must provide with the infrastructure, to whom it must provide the services and at what price. The grantor must also control, through ownership or otherwise, any residual interest in the infrastructure at the end of the term of the arrangement. The guidance specifies that an operating entity should not account for the service concession arrangement as a lease. The operating entity should refer instead to other accounting guidance to account for the various aspects of the arrangement. The guidance also specifies that the infrastructure used in such an arrangement should not be recognized as property, plant and equipment of the operating entity. The adoption of this standard did not impact the Company’s results of operations, financial position or cash flows.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Notes to Financial Statements
December 31, 2015 and 2014
(Dollars in thousands)

Reporting Discontinued Operations

In April 2014, the FASB issued guidance that changed the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the updated guidance, a discontinued operation is defined as a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. A strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major part of the entity. A component comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity including a reportable segment, an operating segment, a reporting unit, a subsidiary or an asset group. The update no longer precludes presentation as a discontinued operation if there are operations and cash flows of the component that have not been eliminated from the reporting entity's ongoing operations or if there is significant continuing involvement with a component after its disposal. The adoption of this standard did not impact the Company's results of operations, financial position or cash flows.

Presentation of Deferred Income Taxes

In October 2015, the FASB simplified the presentation of deferred income taxes and requires that deferred income tax assets and liabilities be classified as noncurrent in the Balance Sheets. This update was applied on a retrospective basis. The Company revised the presentation of deferred income taxes at December 31, 2014 in the Balance Sheets, which resulted in a decrease of \$4,140 to the current deferred income tax asset and long-term deferred income tax liability.

The following recently issued accounting standards have not yet been adopted by the Company at December 31, 2015.

Revenue from Contracts with Customers

In May 2014, the FASB issued a new revenue recognition standard that will replace most existing revenue recognition guidance in GAAP, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue for the transfer of goods or services to customers equal to the amount that it expects to be entitled to receive for those goods or services. The guidance also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The new standard is effective January 1, 2019 for the Company. Early adoption is permitted, but not before January 1, 2017 for the Company. The Company is currently evaluating the alternative methods of adoption available and the effect on the financial statements and related disclosures.

Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued guidance clarifying how customers should account for fees paid in a cloud computing arrangement. Under the new guidance, if a cloud computing arrangement contains a software license, the customer would account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the

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cloud computing arrangement does not include a software license, the customer would account for the arrangement as a service contract. The guidance is effective January 1, 2016 for the Company and will be adopted on a prospective basis. The adoption of this updated guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

Accounting for Leases

In February 2016, the FASB issued guidance that changed the accounting and reporting guidelines for leasing arrangements. Under the new guidance, lessee's will be required to recognize the following for all leases, excluding short-term leases, at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. This guidance is effective January 1, 2020 for the Company and will be adopted on a modified retrospective basis. Early adoption is permitted. The Company is currently evaluating the effect on the financial statements and related disclosures.

Reclassifications

Certain reclassifications have been made to conform to previously reported data to the current presentation.

Note 3: Acquisitions

During 2015, the Company closed on two acquisitions for a total aggregate purchase price of \$28,800 resulting in the addition of one water and two wastewater systems. The Company acquired total utility plant of \$27,511 and assumed contributions in aid of construction of \$694. The Company recorded goodwill of \$1,983 associated with these acquisitions. Included in these totals was the Company's May 21, 2015 acquisition of the Borough of Haddonfield's ("Haddonfield") water and wastewater utility company, for a total cash purchase price of \$28,500. Assets acquired in the Haddonfield acquisition consisted of utility plant of \$26,702.

During 2014, the Company closed on the acquisition of one wastewater system for a total purchase price of \$250, which represented total utility plant acquired.

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Note 4: Utility Plant

The components of utility plant by category at December 31 were as follows:

	Range of Remaining Useful Lives	2015	2014
Land and other non-depreciable assets	-	\$ 33,187	\$ 33,212
Sources of supply	33 to 83 Years	158,649	148,097
Treatment and pumping	17 to 38 Years	910,656	889,291
Transmission and distribution	17 to 116 Years	1,857,317	1,712,049
Services, meters and fire hydrants	9 to 66 Years	874,406	797,959
General structures and equipment	5 to 112 Years	275,724	253,362
Wastewater	5 to 62 Years	210,354	169,358
Construction work in progress	-	96,891	73,756
		<u>4,417,184</u>	<u>4,077,084</u>
Less: Accumulated depreciation		(1,070,334)	(975,301)
		<u>\$ 3,346,850</u>	<u>\$ 3,101,783</u>

Included within the general structures and equipment category is a capital lease asset with a gross value of \$1,100 at December 31, 2015 and 2014.

The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 3.16% and 3.06% in 2015 and 2014, respectively.

Note 5: Regulatory Assets and Liabilities

Regulatory Assets

Regulatory assets represent costs that are expected to be fully recovered from customers in future rates. Except for cost of removal, regulatory assets are excluded from the Company's rate base and generally do not earn a return. The components of regulatory assets were as follows:

	2015	2014
Removal costs recoverable through rates	\$ 106,220	\$ 72,822
Income taxes recoverable through rates	26,057	25,581
Unamortized debt expense	21,636	22,705
Deferred pension expense	3,360	3,772
Purchase premium recoverable through rates	3,944	4,064
Other	4,522	3,061
	<u>\$ 165,739</u>	<u>\$ 132,005</u>

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

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The Company has recorded a regulatory asset for the additional revenues expected to be realized as the tax effects of temporary differences reverse. These temporary differences are primarily related to the difference between book and tax depreciation on property placed in service before the adoption by the Commission of full normalization for rate-making purposes. The regulatory asset for income taxes recoverable through rates is net of the reduction expected in future revenues as deferred taxes previously provided, attributable to the difference between federal income tax rates under prior law and the current statutory rates, reverse over the average remaining service lives of the related assets.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates. Expenses of issues with sinking fund provisions are charged to operations as shares are retired.

Pension expense in excess of the amount contributed to the pension plan prior to February 19, 2004 has been deferred. Pursuant to its order dated February 19, 2004, the Commission authorized pension expense to be recognized on the basis of the funding obligation regardless of the amount contributed to the plan. The amount deferred is being amortized over a period of 20 years through March 2024.

Purchase premium recoverable through rates represents the premium paid for prior acquisitions and are amortized over 40 years through 2048, as authorized by the Commission.

Other includes certain employee benefits, distribution system improvement charges, deferred rate proceedings costs and deferred postretirement benefit costs.

Regulatory Liabilities

Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates, items deferred pending Commission guidance, or amounts recovered from customers in advance of incurring the costs. The components of regulatory liabilities were as follows:

	2015	2014
Cost of removal	\$ 39,500	\$ 40,700
MTBE settlement	9,537	9,809
Other	2,002	4,190
	<u>\$ 51,039</u>	<u>\$ 54,699</u>

The Company has a cost of removal liability that is reported separately from its cost of removal asset pursuant to a Commission Order dated December 8, 2008. The cost of removal liability includes costs recovered through customer rates in excess of retirement costs incurred. These costs will be refunded through customer rates during the life of the associated assets.

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The Company has received settlement proceeds from lawsuits seeking to recover cleanup and treatment costs and seeking to protect certain groundwater supplies related to contamination by methyl tertiary butyl ether (“MTBE”) and other gasoline additives. The MTBE settlement is being amortized on a straight line basis over a period of 40 years through December 2050.

Other primarily includes costs recovered for purchase water and sewage treatment charges in excess of the recoverable amount allowed by the Commission.

Note 6: Long-Term Debt

The components of long-term debt at December 31 were as follows:

	<u>Rate</u>	<u>Weighted Average Rate</u>	<u>Maturity Date</u>	<u>2015</u>	<u>2014</u>
Mortgage bonds	4.29%-9.25%	5.66%	2019-2039	\$ 508,425	\$ 508,425
Variable rate loans	0.00%-5.50%	1.66%	2016-2033	86,083	95,090
Notes payable to affiliated company	2.65%-6.59%	4.97%	2017-2045	577,200	490,500
Capital lease obligations	12.23%	12.23%	2026	850	886
Long-term debt				1,172,558	1,094,901
Unamortized debt premium, net				783	1,837
Total long-term debt				<u>\$ 1,173,341</u>	<u>\$ 1,096,738</u>

Mortgage bonds are issued in series. No bonds senior to the mortgage bonds may be issued so long as they remain outstanding. Based on the calculation methodology specified by the debt agreements, the amount of bonds authorized is limited, as long-term debt cannot exceed 65% of total capitalization, and adjusted net income of the Company must be equal to or greater than 1.5 times the aggregate annual interest charges on all long-term debt of the Company. At December 31, 2015, long-term debt was 48% of total capitalization and net income excluding gains or losses on property sales, amortization of debt issuance costs, interest on long-term debt, and provision for income taxes was 4.7 times the aggregate annual interest charges on all long-term debt. Mortgage bonds are collateralized by utility plant.

The Company has entered into variable rate loan agreements with the New Jersey Environmental Infrastructure Trust (“NJEIT”). Under the terms of these loan agreements, the Company requests funds as needed to fund a portion of eligible costs to construct certain environmental infrastructure facilities. The variable rate loans include amounts not yet withdrawn that remain in the trust, which are recorded as restricted funds in the Balance Sheets until drawn down by the Company.

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In 2015, the Company applied \$1,275 of its restricted cash to pay down certain NJEIT variable rate loans. The net proceeds from the NJEIT variable rate loans have been presented as non-cash financing activity in the Statements of Cash Flows.

In 2014, the Company issued \$9,977 of NJEIT variable rate loans at a weighted average rate of 1.82%, due in 2033. Proceeds are restricted, and as such have been presented as restricted funds in the Balance Sheets at December 31, 2014. The net proceeds from the NJEIT variable rate loans have been presented as non-cash financing activity in the Statements of Cash Flows. Also in 2014, the Company applied \$1,021 of its restricted cash to pay down certain NJEIT variable rate loans.

The long-term notes payable to affiliated company are unsecured and were issued to American Water Capital Corporation (“AWCC”), a subsidiary of AWW, for the principal amount. AWCC provided the funding for these notes by issuing senior notes to institutional investors at a price equal to the principal amount.

In 2015, the Company issued a mortgage bond for \$86,700 at an interest rate of 4.30% due in 2045.

In August 2014, the Company issued a bond for \$43,000 at an interest rate of 3.40% due in 2025.

Maturities of long-term debt, including sinking fund payments and capital leases, will amount to \$7,237 in 2016, \$22,139 in 2017, \$35,313 in 2018, \$31,103 in 2019, \$7,967 in 2020 and \$1,068,799 thereafter. The Company has a capital lease of a building which expires in 2026.

Note 7: Short-Term Debt

The Company maintained a line of credit through AWCC of \$180,000 and \$185,000 at December 31, 2015 and 2014, respectively. The Company may borrow from, or invest in, the line of credit. No compensating balances are required under the agreements. Funds were primarily used for short-term operating needs. There were \$1,694 and \$5,293 of outstanding borrowings at December 31, 2015 and 2014, respectively. The weighted average annual interest rate on these borrowings was .56% and .30% in 2015 and 2014, respectively. Short-term debt is presented as notes payable-affiliated company in the Balance Sheets.

AWW, through AWCC, has committed to make additional financing available to the Company, as needed, to pay its obligations as they come due.

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Note 8: General Taxes

Components of general taxes for the years presented in the Statements of Income were as follows:

	2015		2014
Gross receipts and franchise	\$ 84,696	\$	83,429
Property	5,039		5,247
Payroll	3,468		3,439
Other general	2,444		2,742
	<u>\$ 95,647</u>	\$	<u>94,857</u>

Note 9: Income Taxes

Components of income tax expense for the years presented in the Statements of Income were as follows:

	2015		2014
Federal income taxes:			
Current	\$ (12,206)	\$	10,695
Deferred	85,344		47,936
Amortization of deferred investment tax credits	(356)		(356)
Provision for income taxes	<u>\$ 72,782</u>	\$	<u>58,275</u>

The primary components of the net deferred tax liability of \$628,755 and \$559,416 at December 31, 2015 and December 31, 2014, respectively, include basis differences in utility plant partially offset by advances and contributions. No valuation allowances were required on deferred tax assets at December 31, 2015 and 2014, as management believes it is more likely than not that deferred tax assets will be realized.

As of December 31, 2015 and 2014, the Company's reserve for uncertain tax position is \$42,909 and \$41,381, respectively, excluding accrued interest and penalties. The Company does not expect a material change in this estimate in the next twelve months. The reserve could increase or decrease for things such as the expiration of statutes of limitations, audit settlements or tax examination activities.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company did not have any interest or penalties related to tax matters as of December 31, 2015 and 2014.

The Company files income tax returns in the United States federal jurisdiction. With few exceptions, the Company is no longer subject to U.S. federal tax examinations by tax authorities for years before 2012. The Company is not subject to state income taxes.

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Note 10: Employee Benefit Plans

Savings Plan for Employees

The Company maintains a 401(k) Savings Plan, sponsored by AWW, allowing employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions that are based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006 the Company began providing an additional 5.25% of base pay as a defined contribution benefit for union employees hired on or after January 1, 2001 and for non-union employees hired on or after January 1, 2006.

The Company expensed contributions to the plans, of \$1,750 and \$1,507 for 2015 and 2014, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employee.

Pension Benefits

The Company participates in a Company-funded defined benefit pension plan, sponsored by AWW, covering eligible employees hired before January 1, 2006. Benefits under the plan are based on an employee's years of service and compensation. The pension plan is closed for all new employees. The pension plan was closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001 had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement.

The Company's pension cost is based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level. The Company was allocated costs of \$7,405 and \$3,121 in 2015 and 2014, respectively.

AWW's funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, AWW will consider additional contributions if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006. AWW may also consider increased contributions based on other financial requirements and the plan's funded position. The Company's pension contributions are based on an allocation from AWW of the total contributions related to the plan. Contributions are allocated to the Company from AWW based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. The Company made contributions of \$4,810 and \$6,147 in 2015 and 2014, respectively. The Company expects to contribute \$5,920 to the AWW plan in 2016.

The Company sponsored a supplemental retirement plan ("SERP") plan for certain former management employees. Eligibility was based upon completion of 20 years of service; payments were based upon 60% of average compensation over the eligible employee's final three years of service, net of amounts earned under the plan. Benefits were payable for a period

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of 15 years, and were made directly by the Company. The remaining balance was \$506 at December 31, 2015 and 2014.

Postretirement Benefits Other Than Pensions

The Company participates in a Company-funded plan, sponsored by AWW that provides varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006, and for non-union employees hired on or after January 1, 2002.

Costs of the Company are based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's covered participants as a percentage of AWW's total plan covered participants. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

The Company is allocated costs for all postretirement plans sponsored by AWW that provide certain life insurance and health care benefits for retired employees. Allocated costs and contributions made to trust funds established for these postretirement benefits totaled \$4,677 and \$2,115 for 2015 and 2014, respectively. Information regarding postretirement benefits is not prepared at the subsidiary level.

The Company's policy is to fund postretirement benefits costs accrued. The Company expects to contribute \$4,024 to the AWW plan in 2016.

Note 11: Stock-Based Compensation

Stock Options and Restricted Stock Units

In 2015 and 2014, AWW granted restricted stock units, both with and without performance conditions and separately, certain market thresholds, and non-qualified stock options to certain employees of the Company under the AWW 2007 Omnibus Equity Compensation Plan ("Omnibus Plan"). The restricted stock units without performance conditions vest ratably over the three-year service period beginning January 1 of the year of the grant. The restricted stock units with performance conditions and separately, market thresholds, vest ratably over the three year performance period beginning January 1 of each year (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of internal performance measures and, separately, certain market thresholds over the Performance Period. The non-qualified stock options vest ratably over a three year service period beginning January 1 of the year of the grant.

The grant date fair value of restricted stock units that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method. Restricted stock units without performance conditions and non-qualified stock options are amortized through expense over the requisite service period using the straight-line method.

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Costs of the Company are based on the cost of the Company's employees participating in the AWW Omnibus Plan. The Company recorded compensation expense of \$237 and \$221 included in operation and maintenance expense for the years ended December 31, 2015 and 2014, respectively. As the Company does not reimburse the cost of the awards to AWW, the offsetting entry to paid-in-capital is a capital contribution from AWW.

Employee Stock Purchase Plan

Under AWW's Nonqualified Employee Stock Purchase Plan ("ESPP"), the Company's employees can use payroll deductions to acquire AWW common stock at the lesser of 90% of the fair market value of either the beginning or the end of each three-month purchase period. AWW's ESPP is considered compensatory. The Company's costs are based on an allocation from AWW of the total cost for the Company's employees in the plan. Compensation costs of \$132 and \$99 were included in operation and maintenance expense for the years ended December 31, 2015 and 2014, respectively. As the Company does not reimburse the cost of the awards to AWW, the offsetting entry to paid-in-capital is a capital contribution from AWW.

Note 12: Related Party Transactions

American Water Works Service Company, Inc. ("AWWS"), a subsidiary of AWW, provides certain management and operational services to the Company (administration, accounting, communications, data processing, education and training, engineering, financial, health and safety, human resources, information systems, internal audit, legal, operations, procurement, rates, security, risk management, water quality, research and development, etc.) and other operating companies in the AWW system on an at-cost, not-for-profit basis in accordance with a management and service agreement.

Purchases of such services by the Company were accounted for as follows:

	<u>2015</u>	<u>2014</u>
Included in operation and maintenance expense as a charge against income	\$ 38,839	\$ 40,925
Capitalized primarily in utility plant	9,789	11,430
	<u>\$ 48,628</u>	<u>\$ 52,355</u>

The Company received capital contributions of \$45,700 and \$91,000 from AWW in 2015 and 2014, respectively.

The Company maintains a line of credit through AWCC. The Company also participates in AWCC's centralized treasury function, whereby the Company transfers its cash to AWCC and the Company's checks are issued out of AWCC. Under this arrangement, available cash is used to pay-down the line of credit and issued checks increase the Company's line of credit balance.

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The Company paid AWCC fees of \$688 in 2015 and \$331 in 2014 and recorded interest expense on short-term borrowings of \$75 in 2015 and \$133 in 2014. Interest expense on long-term debt with AWCC amounted to \$26,385 and \$24,056 in 2015 and 2014, respectively.

Accrued interest expense included amounts due to AWCC of \$5,842 and \$4,493 for 2015 and 2014, respectively.

The Company provides billing and collection services to a subsidiary of American Water Enterprises (“AWE”), which is a subsidiary of AWW and offers customer protection plans that provide water line, sewer line and in-home protection. The Company recorded revenue of \$293 in 2015 and \$296 in 2014 related to the billing and collection services.

The Company sells water to affiliated companies, which are other subsidiaries of AWE to fulfill their obligations to provide water to outside parties. Sales to other AWW affiliates totaled \$15,748 and \$14,424 in 2015 and 2014, respectively.

The Company provides to Edison Water Company (“EWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a water service agreement for the Township of Edison’s municipal water system. The Company recorded revenue of \$623 in 2015 and \$524 in 2014 related to the EWC water service agreement.

The Company provides to Liberty Water Company (“LWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a water service agreement for the City of Elizabeth’s municipal water system. The Company recorded revenue of \$1,215 in 2015 and \$1,048 in 2014 related to the LWC water service agreement.

The Company provides to E’town Services, LLC (“ETS”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy its obligations under a wastewater service agreement for the City of Elizabeth’s wastewater system. The Company recorded revenue of \$817 in 2015 and \$766 in 2014 related to the ETS wastewater service agreement.

The Company pays dividends to AWW on a quarterly basis. The amount of the dividend is based on a percentage of net income adjusted for certain items. The Company paid dividends of \$99,533 and \$83,495 in 2015 and 2014, respectively.

The Company leases office space to AWW and AWWs. The Company recorded rental income of \$1,320 and \$1,333 in 2015 and 2014, respectively.

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Note 13: Fair Values of Financial Instruments

Fair Value Measurements

To increase consistency and comparability in fair value measurements, FASB guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date.

Financial assets and liabilities utilizing Level 1 inputs include active exchange-trade equity securities, exchange-based derivatives, mutual funds, and money market funds.

- Level 2 – Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase, and sale restrictions and fair-value hedges.
- Level 3 – Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Current assets and current liabilities: The carrying amounts reported in the Balance Sheets for current assets and current liabilities approximate their fair values.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Long-term debt: The fair values of the Company's long-term debt are determined by a valuation model which is based on a conventional discounted cash flow methodology and utilizes assumptions of current market rates. As the Company's debts do not trade in active markets, the Company calculated a base yield curve using a risk-free rate (a U.S. Treasury securities yield curve) plus a credit spread that is based on the following two factors: an average of AWW's own publicly-traded debt securities and the current market rates for U.S. Utility A-debt securities. The Company used these yield curve assumptions to derive a base yield and then adjusted the base yield for specific features of the debt securities including call features, coupon tax treatment and collateral.

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The carrying amounts and fair values of the financial instruments were as follows:

	Carrying Amount	At Fair Value as of December 31, 2015			Total
		Level 1	Level 2	Level 3	
Long-term debt (excluding capital lease obligations)	\$ 1,172,491	\$ -	\$ 652,018	\$ 674,873	\$ 1,326,891

	Carrying Amount	At Fair Value as of December 31, 2014			Total
		Level 1	Level 2	Level 3	
Long-term debt (excluding capital lease obligations)	\$ 1,095,852	\$ -	\$ 568,990	\$ 694,736	\$ 1,263,726

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy as of December 31, 2015 and 2014, respectively:

Recurring Fair Value Measures	At Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 1,421	\$ -	\$ -	\$ 1,421
Deposits	58	-	-	58
Total assets	<u>\$ 1,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479</u>
Liabilities:				
Deferred compensation obligation	\$ 174	\$ -	\$ -	\$ 174
Total liabilities	<u>174</u>	<u>-</u>	<u>-</u>	<u>174</u>
Total net assets	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,305</u>

Recurring Fair Value Measures	At Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 3,276	\$ -	\$ -	\$ 3,276
Deposits	2,925	-	-	2,925
Total assets	<u>\$ 6,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,201</u>
Liabilities:				
Deferred compensation obligation	\$ -	\$ 147	\$ -	\$ 147
Total liabilities	<u>-</u>	<u>147</u>	<u>-</u>	<u>147</u>
Total net assets (liabilities)	<u>\$ 6,201</u>	<u>\$ (147)</u>	<u>\$ -</u>	<u>\$ 6,054</u>

Restricted funds – The Company’s restricted funds represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services

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under operation and maintenance projects. The proceeds of these financings are held in escrow until the designated expenditures are incurred.

Deposits – Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets.

Deferred compensation obligations – The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Note 14: Leases

The Company has entered into operating leases involving certain equipment and vehicles. Rental expenses under operating leases were \$133 and \$459 in 2015 and 2014, respectively, which are included in operations and maintenance expense. The operating leases have various expiration dates through 2022.

At December 31, 2015, the minimum annual future rental commitments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are, \$65 in year 2016, \$21 in 2017 through 2020 and \$33 thereafter.

Note 15: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legally binding contracts amounted to \$33,491 at December 31, 2015.

The Company also maintains long-term agreements with various third party suppliers for the purchase of water, wastewater treatment and disposal, natural gas, and electrical energy services. Costs incurred related to these commitments were \$57,951 for the year ended December 31, 2015. The total future annual commitments for purchased services having non-cancelable terms is estimated to be \$41,385 in 2016, \$34,762 in 2017, \$34,080 in 2018, \$23,337 in 2019, \$23,234 in 2020 and \$214,551 thereafter.

The Company is routinely involved in legal actions incident to the normal conduct of its business. At December 31, 2015, the Company has not identified any loss contingencies that are probable; however, it is reasonably possible that losses could range up to \$1,800 for existing matters.

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Note 16: Subsequent Events

The Company performed an evaluation of subsequent events for the accompanying financial statements through March 31, 2016, the date this report was issued and determined that no circumstances warranted recognition and disclosure of those events or transactions in the financial statements as of December 31, 2015.

New Jersey-American Water Company, Inc.

**(A wholly-owned subsidiary of
American Water Works Company, Inc.)**

Financial Statements

As of and for the years ended December 31, 2016 and 2015



Report of Independent Auditors

To the Board of Directors of
New Jersey-American Water Company, Inc.

We have audited the accompanying financial statements of New Jersey-American Water Company, Inc., which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, of changes in common stockholder's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey-American Water Company, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 24, 2017

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Balance Sheets****December 31, 2016 and 2015**

(Dollars in thousands)

	2016	2015
Assets		
Property, plant and equipment, net		
Utility plant - at original cost, net of accumulated depreciation	\$ 3,557,941	\$ 3,346,850
Utility plant acquisition adjustments, net	5,200	5,550
Non-utility property, net of accumulated depreciation	600	601
Total property, plant and equipment, net	<u>3,563,741</u>	<u>3,353,001</u>
Current assets		
Cash	3,250	2,169
Utility customer accounts receivable	58,681	57,926
Allowance for uncollectible accounts	(6,112)	(6,679)
Unbilled utility revenues	33,600	31,448
Federal income tax receivable - affiliated company	3,627	23,678
Materials and supplies	8,881	8,287
Prepaid taxes	5,732	4,768
Other	1,557	1,555
Total current assets	<u>109,216</u>	<u>123,152</u>
Regulatory and other long-term assets		
Regulatory assets	185,338	165,739
Goodwill	1,983	1,983
Prepaid pension expense	15,186	17,548
Restricted funds	1,421	1,421
Other	518	604
Total regulatory and other long-term assets	<u>204,446</u>	<u>187,295</u>
Total assets	<u>\$ 3,877,403</u>	<u>\$ 3,663,448</u>

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Balance Sheets****December 31, 2016 and 2015**

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Capitalization		
Common stockholder's equity	\$ 1,338,324	\$ 1,281,479
Long-term debt	<u>1,228,118</u>	<u>1,166,104</u>
Total capitalization	<u>2,566,442</u>	<u>2,447,583</u>
Current liabilities		
Notes payable - affiliated company	55,971	1,694
Current portion long-term debt	21,414	7,237
Accounts payable	81,570	81,021
Accounts payable - affiliated company	4,389	46,323
Accrued taxes	1,042	839
Interest accrued	12,166	11,999
Refunds due to customers	3,804	4,742
Current portion of advances for construction	10,713	9,583
Other current liabilities	<u>26,522</u>	<u>26,811</u>
Total current liabilities	<u>217,591</u>	<u>190,249</u>
Regulatory and other long-term liabilities		
Deferred income taxes	726,085	628,755
Advances for construction	49,467	47,439
Deferred investment tax credits	9,092	9,447
Regulatory liabilities	50,570	51,039
Accrued postretirement benefit expense	14,536	14,902
Other long-term liabilities	<u>16,270</u>	<u>46,964</u>
	<u>866,020</u>	<u>798,546</u>
Contributions in aid of construction	227,350	227,070
Commitments and contingencies (see Note 15)	<u>-</u>	<u>-</u>
Total capitalization and liabilities	<u>\$ 3,877,403</u>	<u>\$ 3,663,448</u>

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Statements of Income****For the Years Ended December 31, 2016 and 2015**

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 724,393	\$ 703,727
Operating expenses		
Operation and maintenance	247,216	248,370
Depreciation	102,055	94,677
Amortization	4,011	7,195
General taxes	103,188	95,647
Gain on disposition of property	(121)	(74)
Total operating expenses, net	<u>456,349</u>	<u>445,815</u>
Operating income	<u>268,044</u>	<u>257,912</u>
Other income (expenses)		
Interest, net	(59,529)	(55,969)
Allowance for other funds used during construction	5,199	5,096
Allowance for borrowed funds used during construction	1,709	1,713
Amortization of debt issuance costs	(2,052)	(2,097)
Other, net	475	341
Total other expenses	<u>(54,198)</u>	<u>(50,916)</u>
Income before income taxes	<u>213,846</u>	<u>206,996</u>
Provision for income taxes	<u>75,195</u>	<u>72,782</u>
Net income	<u>\$ 138,651</u>	<u>\$ 134,214</u>

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net income	\$ 138,651	\$ 134,214
Adjustments to reconcile net cash flows provided by operating activities		
Depreciation and amortization	106,066	101,872
Amortization of debt issuance costs	2,052	2,097
Provision for deferred income taxes	77,304	85,344
Amortization of deferred investment tax credits	(356)	(356)
Provision for losses on accounts receivable	2,986	4,652
Allowance for other funds used during construction	(5,199)	(5,096)
Gain on asset dispositions and acquisitions	(121)	(74)
Pension and non-pension postretirement benefits	10,702	12,082
Other, net	674	(4,870)
Changes in assets and liabilities		
Accounts receivable and unbilled revenues	(7,534)	(10,333)
Federal income tax - affiliated company	12,767	(23,392)
Other current assets	(1,560)	4,927
Pension and non-pension postretirement benefit contributions	(8,938)	(9,487)
Accounts payable	7,213	8,124
Accounts payable - affiliated company	(584)	(3,651)
Accrued taxes	203	149
Other current liabilities	(39)	6,125
Net cash provided by operating activities	<u>334,287</u>	<u>302,327</u>
Cash flows from investing activities		
Capital expenditures	(320,669)	(301,339)
Acquisitions	-	(28,800)
Removal costs from property, plant and equipment retirements, net of salvage of \$726 and \$870 in 2016 and 2015, respectively	(26,166)	(39,078)
Proceeds from the disposition of property, plant and equipment	270	220
Funds released from restriction	-	1,555
Net cash used in investing activities	<u>(346,565)</u>	<u>(367,442)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	84,200	86,700
Repayment of long-term debt	(7,397)	(7,165)
Debt issuance costs	(1,586)	(2,338)
Net borrowings (repayments) of notes payable - affiliated company	54,277	(3,599)
Advances and contributions for construction, net of refunds of \$14,634 and \$10,952 in 2016 and 2015, respectively	7,251	4,548
Capital contributions	22,000	45,700
Dividends paid	(145,386)	(58,272)
Net cash provided by (used in) financing activities	<u>13,359</u>	<u>65,574</u>
Net increase in cash and cash equivalents	<u>1,081</u>	<u>459</u>
Cash and cash equivalents at beginning of year	<u>2,169</u>	<u>1,710</u>
Cash and cash equivalents at end of year	<u>\$ 3,250</u>	<u>\$ 2,169</u>
Cash paid (received) during the year for:		
Interest, net of capitalized amount	\$ 59,271	\$ 55,574
Income taxes	\$ (12,733)	\$ 11,774
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of year end	\$ 48,492	\$ 56,363
Non-cash financing activity		
Dividends accrued	\$ -	\$ 41,261
Capital contributions by stockholder (see Note 11)	\$ 319	\$ 369
Long-term debt	\$ -	\$ (1,275)

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Statements of Changes in Common Stockholder's Equity
For the Years Ended December 31, 2016 and 2015
(Dollars in thousands)

	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>			
Balance at December 31, 2014	3,478,968	\$ 86,974	\$625,918	\$487,837	\$ 1,200,729
Net income	-	-	-	134,214	134,214
Capital contributions	-	-	46,069	-	46,069
Common stock dividends	-	-	-	(99,533)	(99,533)
Balance at December 31, 2015	3,478,968	\$ 86,974	\$671,987	\$522,518	\$ 1,281,479
Net income	-	-	-	138,651	138,651
Capital contributions	-	-	22,319	-	22,319
Common stock dividends	-	-	-	(104,125)	(104,125)
Balance at December 31, 2016	<u>3,478,968</u>	<u>\$ 86,974</u>	<u>\$694,306</u>	<u>\$557,044</u>	<u>\$ 1,338,324</u>

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Note 1: Organization and Operation

New Jersey-American Water Company, Inc. (the “Company”) provides water and wastewater services in the State of New Jersey. As a public utility operating in New Jersey, the Company functions under rules and regulations prescribed by the New Jersey Board of Public Utilities (the “Commission”). The Company is a wholly-owned subsidiary of American Water Works Company, Inc. (“AWW”).

Note 2: Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company considers its critical accounting estimates to include: the application of regulatory accounting principles and the related determination and estimates of regulatory assets; estimates used in impairment testing of goodwill and other long-lived assets, including regulatory assets and liabilities; revenue recognition; accounting for income taxes; benefit plan assumptions; and contingent liabilities. The Company’s critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, benefit plan assumptions and contingency-related obligations.

Regulation

The Company is subject to regulation by the Commission, the New Jersey Department of Environmental Protection and the U.S. Environmental Protection Agency. The Commission generally authorizes revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. The Commission may also impose certain penalties or grant certain incentives. Due to timing and other differences in the collection of utility revenue, an incurred cost that would otherwise be charged to expense is deferred as a regulatory asset if it is probable that the cost is recoverable in future rates. Conversely, GAAP requires recording of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future or amounts collected in excess of costs incurred and refundable to customers.

Property, Plant and Equipment

Property, plant and equipment consist primarily of utility plant. Additions to utility plant and replacements of retirement units of property are capitalized. Costs include material, direct labor and such indirect items as engineering, supervision, payroll taxes, benefits, transportation and an allowance for funds used during construction. Repairs and maintenance are charged to operation and maintenance expense as incurred.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

When units of property are replaced, retired or abandoned, the recorded value thereof is credited to the asset account and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being recorded based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The Company records depreciation in conformity with amounts approved by the Commission after regulatory review of information that the Company submits to support its estimates of the assets' remaining useful lives. The cost of property, plant and equipment is generally depreciated using the straight-line average remaining life using the composite method. Certain water treatment facilities are depreciated using the units of production method.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these assets amounted to \$83,053 and \$81,131 at December 31, 2016 and 2015, respectively. Computer software is included in the general structures and equipment category in Note 4.

Utility plant acquisition adjustments represent the difference between the fair value of plant at the date of purchase and its original cost when first devoted to public service, less accumulated depreciation, and are amortized to expense over amortization periods authorized by the Commission. Amortization of utility plant acquisition adjustments was \$350 for the years ended December 31, 2016 and 2015. The remaining useful lives range from 5 to 27 years.

Cash

Substantially all of the Company's cash is invested in interest-bearing accounts.

Restricted Funds

Restricted funds represent proceeds received from financings for the construction and capital improvement of facilities. The proceeds of these financings are held in escrow until the designated expenditures are incurred. Classification of restricted funds in the Balance Sheets as either current or long-term is based on the intended use of the funds.

Accounts Receivable

The majority of the Company's accounts receivable is due from utility customers and represents amounts billed to the Company's customers on a cycle basis. Credit is extended based on the guidelines of the Commission and collateral is generally not required.

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is maintained for estimated probable losses resulting from the Company's inability to collect receivables. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due and previous loss history. The Company writes off accounts when they become uncollectible.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Unbilled Revenues

Unbilled revenues are accrued when service has been provided but has not been billed to customers.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the future cash flows expected to result from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized. Measurement of an impairment loss would be based on the fair value of the assets. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

Goodwill

The Company has \$1,983 of goodwill at December 31, 2016 and 2015. Goodwill is not amortized, but is tested for impairment at least annually or on an interim basis if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company's annual impairment test is performed as of November 30 of each year, in conjunction with the completion of the Company's annual business plan. The Company assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If based on qualitative factors, the fair value of the reporting unit is more likely than not greater than the carrying amount, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment, but determines that it is more likely than not that its fair value is less than its carrying amount, a quantitative two-step, fair value-based test is performed.

The first step compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. If the estimated fair value of any reporting unit is less than such reporting unit's carrying value, then the second step is performed to measure the amount of the impairment loss (if any) for such reporting unit.

The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation accounting guidance in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount for the reporting unit, an impairment loss is recorded as a reduction to goodwill and a charge to operating expense. Application of the goodwill impairment test requires management judgment, including the estimation of the fair value of the reporting unit. Management estimates fair value using a combination of a discounted cash flow analysis and market multiples analysis. Significant assumptions used in these fair value analyses include discount and growth rates and projected terminal values.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Advances for Construction and Contributions in Aid of Construction

The Company may receive advances for construction and contributions in aid of construction from customers, home builders, real estate developers, and others to fund construction necessary to extend service to new areas. Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled.

Advances that are no longer refundable are reclassified to contributions. Contributions are permanent collections of plant assets or cash for a particular construction project. For rate-making purposes, the amount of such contributions generally serves as a rate base reduction since it represents non-investor supplied funds.

The Company depreciates utility plant funded by contributions and amortizes its contributions balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. Amortization of contributions was \$4,233 and \$4,510 for the years ended December 31, 2016 and 2015, respectively. For the years ended December 31, 2016 and 2015, non-cash advances and contributions received were \$335 and \$2,828, respectively.

Recognition of Revenues

Revenues are recognized as water and wastewater services are provided and include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the date of the meter reading associated with the latest customer invoice to the end of the accounting period. Other operating revenues are recognized when services are performed.

Income Taxes

AWW and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns. Federal income tax expense for financial reporting purposes is provided on a separate return basis.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes have been provided on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates anticipated to be in effect when such temporary differences are projected to reverse. Anticipated tax rates are the currently enacted tax rates, as the Company is not aware of any tax rate changes. In addition, regulatory assets and liabilities are recognized for the effect on revenues expected to be realized as the tax effects of temporary differences previously flowed through to customers reverse.

Investment tax credits have been deferred and are being amortized to income over the average estimated service lives of the related assets.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Allowance for Funds Used During Construction (“AFUDC”)

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. AFUDC is recorded to the extent permitted by the Commission.

Asset Retirement Obligations (“ARO”)

Included in other long-term liabilities in the Balance Sheets is an ARO related to legal requirements of removing residual material from a reservoir located at the Company’s Canoe Brook water treatment plant in Short Hills, NJ. The estimated ARO totaled \$7,192 and \$9,729 at December 31, 2016 and 2015, respectively. Accretion expense was \$0 and \$451 for the year ended December 31, 2016 and 2015, respectively.

New Accounting Standards

The following recently issued accounting standards have been adopted by the Company at December 31, 2016:

Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued guidance clarifying how customers should account for fees paid in a cloud computing arrangement. Under the new guidance, if a cloud computing arrangement contains a software license, the customer would account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the cloud computing arrangement does not include a software license, the customer would account for the arrangement as a service contract. The guidance is effective January 1, 2016 for the Company and has adopted on a prospective basis. The adoption of this standard did not impact the Company’s results of operations, financial position or cash flows.

The following recently issued accounting standards have not been adopted by the Company at December 31, 2016.

Revenue from Contracts with Customers

In May 2014, the FASB issued a new revenue recognition standard that will replace most existing revenue recognition guidance in GAAP, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue for the transfer of goods or services to customers equal to the amount that it expects to be entitled to receive for those goods or services. The guidance also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The new standard is effective January 1, 2019 for the Company. Early adoption is permitted, but not before January 1, 2018 for the Company. The Company is evaluating the impact on the consolidated financial statements and related disclosures, as well as the transition method to be used to adopt the guidance. The Company is also considering the impacts of the new standard on its accounting for contributions in aid of construction. The Company does not expect to early adopt.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Accounting for Leases

In February 2016, the FASB issued guidance that changed the accounting and reporting guidelines for leasing arrangements. Under the new guidance, lessees will be required to recognize the following for all leases, excluding short-term leases, at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. This guidance is effective January 1, 2020 for the Company and will be adopted on a modified retrospective basis. Early adoption is permitted. The Company is currently evaluating the effect on the financial statements and related disclosures, as well as the timing of adoption.

Classification of Certain Cash Receipts and Cash Payments on the Statement of Cash Flows

In August 2016, the FASB issued guidance that clarifies the presentation and classification in the statement of cash flows for certain cash receipts and payments. These cash receipts and payments include: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of borrowing; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (vi) distributions received from equity method investees; (vii) beneficial interest in securitization transactions; (viii) and separately identifiable cash flows and application of the predominance principle. The new standard is effective January 1, 2019 for the Company. Early adoption is permitted, but not before January 1, 2018 for the Company. This guidance is to be applied on a retrospective basis. The adoption of this updated guidance is not expected to have a material impact on the Company's statement of cash flows.

Presentation of Changes in Restricted Cash on the Statement of Cash Flows

In November 2016, the FASB issued guidance that updates the accounting and disclosure guidance for the classification of presentation of changes in restricted cash on the statement of cash flows. The amended guidance requires that a statement of cash flows explain the change during the period in total cash, cash equivalents and amounts described as restricted cash or restricted cash equivalents. Restricted cash and restricted cash equivalents will now be included with cash and cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective January 1, 2019 for the Company. Early adoption is permitted, but not before January 1, 2018 for the Company. This guidance is to be applied on a retrospective basis. The adoption of this updated guidance is not expected to have a material impact on the Company's statement of cash flows.

Clarifying the Definition of a Business

In January 2017, the FASB issued guidance that clarifies the definition of a business with the objective of assisting entities with evaluating whether transactions should be accounted for as acquisitions, or disposals, of assets or businesses. The new standard is effective January 1, 2019 for the Company. Early adoption is permitted, but not before January 1, 2018 for the Company.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

This guidance is to be applied on a prospective basis. The Company is currently evaluating the effect on the financial statements and related disclosures.

Simplification of Goodwill Testing Impairment

In January 2017, the FASB issued guidance that updates the authoritative guidance which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the amendments in the update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying value exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The new standard is effective January 1, 2020 for the Company. Early adoption is permitted, but not before January 1, 2017 for the Company. The Company is currently evaluating the effect on the financial statements and related disclosures, as well as the timing of the adoption.

Measurement of Credit Losses

In June 2016, the FASB issued guidance that updates the accounting guidance on reporting credit losses for financial assets held at amortized cost basis and available-for-sale debt securities. Under this guidance, expected credit losses are required to be measured based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount of financial assets. Also, this guidance requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The new standard is effective January 1, 2021 for the Company. Early adoption is permitted, but not before January 1, 2019 for the Company. The Company is currently evaluating the effect on the financial statements and related disclosures, as well as the timing of the adoption.

Reclassifications

Certain reclassifications have been made to conform to previously reported data to the current presentation.

Note 3: Acquisitions

The Company had no acquisitions during 2016. During 2015, the Company closed on two acquisitions for a total aggregate purchase price of \$28,800 resulting in the addition of one water and two wastewater systems. The Company acquired total utility plant of \$27,511 and assumed contributions in aid of construction of \$694. The Company recorded goodwill of \$1,983 associated with these acquisitions. Included in these totals was the Company's May 21, 2015 acquisition of the Borough of Haddonfield's ("Haddonfield") water and wastewater utility company, for a total cash purchase price of \$28,500. Assets acquired in the Haddonfield acquisition consisted of utility plant of \$26,702.

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Notes to Financial Statements****December 31, 2016 and 2015**

(Dollars in thousands)

Note 4: Utility Plant

The components of utility plant by category at December 31 were as follows:

	Range of Remaining Useful Life	2016	2015
Utility Plant:			
Land and other non-depreciable assets	-	\$ 37,770	\$ 33,187
Sources of supply	33 to 83 Years	162,483	158,649
Treatment and pumping	17 to 38 Years	957,064	910,656
Transmission and distribution	17 to 116 Years	1,982,828	1,857,317
Services, meters and fire hydrants	9 to 66 Years	957,663	874,406
General structures and equipment	5 to 112 Years	291,465	275,724
Wastewater	5 to 76 Years	222,370	210,354
Construction work in progress	-	90,669	96,891
		<u>4,702,312</u>	<u>4,417,184</u>
Less: Accumulated depreciation		<u>(1,144,371)</u>	<u>(1,070,334)</u>
		<u>\$ 3,557,941</u>	<u>\$ 3,346,850</u>

Included within the general structures and equipment category is a capital lease asset with a gross value of \$1,100 at December 31, 2016 and 2015.

The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 3.07% and 3.16% in 2016 and 2015, respectively.

Note 5: Regulatory Assets and Liabilities*Regulatory Assets*

Regulatory assets represent costs that are expected to be fully recovered from customers in future rates. Except for cost of removal, regulatory assets are excluded from the Company's rate base and generally do not earn a return. The components of regulatory assets were as follows:

	2016	2015
Removal costs recoverable through rates	\$ 128,564	\$ 106,220
Income taxes recoverable through rates	26,454	26,057
Unamortized debt expense	20,645	21,635
Purchase premium recoverable through rates	3,825	3,945
Deferred pension expense	2,949	3,360
Other	2,901	4,522
	<u>\$ 185,338</u>	<u>\$ 165,739</u>

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company has recorded a regulatory asset for the additional revenues expected to be realized as the tax effects of temporary differences reverse. These temporary differences are primarily related to the difference between book and tax depreciation on property placed in service before the adoption by the Commission of full normalization for rate-making purposes. The regulatory asset for income taxes recoverable through rates is net of the reduction expected in future revenues as deferred taxes previously provided, attributable to the difference between federal income tax rates under prior law and the current statutory rates, reverse over the average remaining service lives of the related assets.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Pension expense in excess of the amount contributed to the pension plan prior to February 19, 2004 has been deferred. Pursuant to its order dated February 19, 2004, the Commission authorized pension expense to be recognized on the basis of the funding obligation regardless of the amount contributed to the plan. The amount deferred is being amortized over a period of 20 years through March 2024.

Purchase premium recoverable through rates represents the premium paid for prior acquisitions and are amortized over 40 years through 2048, as authorized by the Commission.

Other includes certain employee benefits, distribution system improvement charges, deferred rate proceedings costs and deferred postretirement benefit costs.

Regulatory Liabilities

Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates, items deferred pending Commission guidance, or amounts recovered from customers in advance of incurring the costs. The components of regulatory liabilities were as follows:

	<u>2016</u>	<u>2015</u>
Cost of removal	\$ 38,300	\$ 39,500
MTBE Settlement	9,265	9,537
Other	3,005	2,002
	<u>\$ 50,570</u>	<u>\$ 51,039</u>

The Company has a cost of removal liability that is reported separately from its cost of removal asset pursuant to a Commission Order dated December 8, 2008. The cost of removal liability includes costs recovered through customer rates in excess of retirement costs incurred. These costs will be refunded through customer rates during the life of the associated assets.

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Notes to Financial Statements****December 31, 2016 and 2015**

(Dollars in thousands)

The Company has received settlement proceeds from lawsuits seeking to recover cleanup and treatment costs and seeking to protect certain groundwater supplies related to contamination by methyl tertiary butyl ether (“MTBE”) and other gasoline additives. The MTBE settlement is being amortized on a straight line basis over a period of 40 years through December 2050.

Other primarily includes costs recovered for purchase water and sewage treatment charges in excess of the recoverable amount allowed by the Commission to be collected in rates.

Note 6: Long-Term Debt

The components of long-term debt at December 31 were as follows:

	<u>Rate</u>	<u>Weighted Average Rate</u>	<u>Maturity Dates</u>	<u>2016</u>	<u>2015</u>
Mortgage bonds	4.29%-9.25%	5.66%	2019-2039	\$ 508,425	\$ 508,425
Variable rate loans	0.00%-5.50%	1.66%	2017-2033	78,890	86,083
Notes payable to affiliated company	2.65%-6.59%	4.85%	2017-2046	661,400	577,200
Capital lease obligations	12.44%	12.39%	2026	806	850
Long-term debt				<u>1,249,521</u>	<u>1,172,558</u>
Unamortized debt premium, net				<u>11</u>	<u>783</u>
Total long-term debt				<u>\$1,249,532</u>	<u>\$1,173,341</u>

Mortgage bonds are issued in series. No bonds senior to the mortgage bonds may be issued so long as they remain outstanding. Based on the calculation methodology specified by the debt agreements, the amount of bonds authorized is limited, as long-term debt cannot exceed 65% of total capitalization, and adjusted net income of the Company must be equal to or greater than 1.5 times the aggregate annual interest charges on all long-term debt of the Company. At December 31, 2016, long-term debt was 49% of total capitalization and net income excluding gains or losses on property sales, amortization of debt issuance costs, interest on long-term debt, and provision for income taxes was 4.6 times the aggregate annual interest charges on all long-term debt. Mortgage bonds are collateralized by utility plant.

The Company has entered into variable rate loan agreements with the New Jersey Environmental Infrastructure Trust (“NJEIT”). Under the terms of these loan agreements, the Company requests funds as needed to fund a portion of eligible costs to construct certain environmental infrastructure facilities. The variable rate loans include amounts not yet withdrawn that remain in the trust, which are recorded as restricted funds in the Balance Sheets until drawn down by the Company.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

In 2015, the Company applied \$1,275 of its restricted cash to pay down certain NJEIT variable rate loans. The net proceeds from the NJEIT variable rate loans have been presented as non-cash financing activity in the Statements of Cash Flows.

The long-term notes payable to affiliated company are unsecured and were issued to American Water Capital Corporation (“AWCC”), a subsidiary of AWW, for the principal amount. AWCC provided the funding for these notes by issuing senior notes to institutional investors at a price equal to the principal amount.

In 2016, the Company issued a senior note for \$84,200 at an interest rate of 4.00% due in 2046.

In 2015, the Company issued a mortgage bond for \$86,700 at an interest rate of 4.30% due in 2045.

Maturities of long-term debt, including sinking fund payments and capital leases, will amount to \$21,414 in 2017, \$35,313 in 2018, \$31,103 in 2019, \$7,967 in 2020, \$69,736 in 2021 and \$1,083,988 thereafter. The Company has a capital lease of a building, which expires in 2026.

Note 7: Short-Term Debt

The Company maintained a line of credit through AWCC of \$180,000 at December 31, 2016 and 2015. The Company may borrow from, or invest in, the line of credit. No compensating balances are required under the agreements. Funds were primarily used for short-term operating needs. There were \$55,971 and \$1,694 of outstanding borrowings at December 31, 2016 and 2015, respectively. The weighted average annual interest rate on these borrowings was .80% and .56% in 2016 and 2015, respectively. Short-term debt is presented as notes payable-affiliated company in the Balance Sheets.

Note 8: General Taxes

Components of general taxes for the years presented in the Statements of Income were as follows:

NEW JERSEY-AMERICAN WATER COMPANY, INC.**Notes to Financial Statements****December 31, 2016 and 2015**

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Gross receipts and franchise	\$ 92,029	\$ 84,696
Property	5,175	5,039
Payroll	3,687	3,468
Other general	2,297	2,444
	<u>\$ 103,188</u>	<u>\$ 95,647</u>

Note 9: Income Taxes

Components of income tax expense for the years presented in the Statements of Income were as follows:

	<u>2016</u>	<u>2015</u>
Federal income taxes:		
Current	\$ (1,753)	\$ (12,206)
Deferred	77,304	85,344
Amortization of deferred investment tax credits	(356)	(356)
Total income taxes	<u>\$ 75,195</u>	<u>\$ 72,782</u>

The primary components of the net deferred tax liability of \$726,085 and \$628,755 at December 31, 2016 and December 31, 2015, respectively, include basis differences in utility plant partially offset by advances and contributions. No valuation allowances were required on deferred tax assets at December 31, 2016 and 2015, as management believes it is more likely than not that deferred tax assets will be realized.

As of December 31, 2016 and 2015, the Company's reserve for uncertain tax positions is \$29,336 and \$42,909, respectively, excluding accrued interest and penalties. The Company does not expect a material change in this estimate in the next twelve months. The reserve could increase or decrease for things such as the expiration of statutes of limitations, audit settlements, or tax examination activities.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company did not have any interest or penalties related to tax matters as of December 31, 2016 and 2015.

The Company files income tax returns in the United States federal jurisdiction. With few exceptions, the Company is no longer subject to U.S. federal tax examinations by tax authorities for years before 2013. The Company is not subject to state income taxes.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Note 10: Employee Benefit Plans

Savings Plan for Employees

The Company maintains a 401(k) Savings Plan, sponsored by AWW, allowing employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions that are based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006 the Company began providing an additional 5.25% of base pay as a defined contribution benefit for union employees hired on or after January 1, 2001 and for non-union employees hired on or after January 1, 2006.

The Company expensed contributions to the plans of \$1,847 and \$1,750 for 2016 and 2015, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employee.

Pension Benefits

The Company participates in a Company-funded defined benefit pension plan, sponsored by AWW, covering eligible employees hired before January 1, 2006. Benefits under the plan are based on an employee's years of service and compensation. The pension plan is closed for all new employees. The pension plan was closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001 had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement.

The Company's pension cost is based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level. The Company was allocated costs of \$8,282 and \$7,405 in 2016 and 2015, respectively.

AWW's funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, AWW will consider additional contributions if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006. AWW may also consider increased contributions based on other financial requirements and the plan's funded position. The Company's pension contributions are based on an allocation from AWW of the total contributions related to the plan. Contributions are allocated to the Company from AWW based upon the Company's participants' pensionable earnings as a percentage of AWW's total plan pensionable earnings. The Company made contributions of \$5,920 and \$4,810 in 2016 and 2015, respectively. The Company expects to contribute \$6,975 to the AWW plan in 2017.

The Company sponsored a supplemental retirement plan ("SERP") plan for certain former management employees. Eligibility was based upon completion of 20 years of service; payments were based upon 60% of average compensation over the eligible employee's final three years of

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

service, net of amounts earned under the plan. Benefits were payable for a period of 15 years, and were made directly by the Company. The remaining balance of the obligation was \$506 at December 31, 2016 and 2015.

Postretirement Benefits Other Than Pensions

The Company participates in a Company-funded plan, sponsored by AWW that provides varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006, and for non-union employees hired on or after January 1, 2002.

Costs of the Company are based on an allocation from AWW of the total cost related to the plan. The allocation is based upon the Company's number of covered participants as a percentage of AWW's total number of plan covered participants. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

The Company is allocated costs for all postretirement plans sponsored by AWW that provide certain life insurance and health care benefits for retired employees. The Company was allocated costs of \$2,420 and \$4,677 in 2016 and 2015, respectively. The Company made contributions to trust funds established for these postretirement benefits of \$3,018 and \$4,677 in 2016 and 2015, respectively.

The Company's policy is to fund postretirement benefits costs annually. The Company expects to contribute \$1,084 to the AWW plan in 2017.

Note 11: Stock-Based Compensation

Stock Options and Restricted Stock Units

In 2016 and 2015, AWW granted restricted stock units, both with and without performance conditions and separately, certain market thresholds, and non-qualified stock options to certain employees of the Company under the AWW 2007 Omnibus Equity Compensation Plan ("Omnibus Plan"). The restricted stock units without performance conditions vest ratably over the three-year service period beginning January 1 of the year of the grant. The restricted stock units with performance conditions and separately, market thresholds, vest ratably over the three-year performance period beginning January 1 of each year (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of internal performance measures and, separately, certain market thresholds over the Performance Period. The non-qualified stock options vest ratably over a three-year service period beginning January 1 of the year of the grant.

The grant date fair value of restricted stock units that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method. Restricted stock units without performance conditions and non-qualified stock options are amortized through expense over the requisite service period using the straight-line method.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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(Dollars in thousands)

The Company's share based compensation plan cost is based on the total costs of the Company's employees and an allocation of costs from employees of American Water Service Company, Inc who participate in the AWW Omnibus Plan. The Company recorded compensation expense of \$146 and \$237 included in operation and maintenance expense for the years ended December 31, 2016 and 2015, respectively. As the Company does not reimburse the cost of the awards to AWW, the offsetting entry to paid-in-capital is a capital contribution from AWW.

Employee Stock Purchase Plan

Under AWW's Nonqualified Employee Stock Purchase Plan ("ESPP"), the Company's employees can use payroll deductions to acquire AWW common stock at the lesser of 90% of the fair market value of either the beginning or the end of each three-month purchase period. AWW's ESPP is considered compensatory. The Company's costs are based on an allocation from AWW of the total cost for the Company's employees in the plan. Compensation costs of \$173 and \$132 were included in operation and maintenance expense for the years ended December 31, 2016 and 2015, respectively. As the Company does not reimburse the cost of the awards to AWW, the compensation cost is recorded as a capital contribution from AWW.

Note 12: Related Party Transactions

American Water Works Service Company, Inc. ("AWWS"), a subsidiary of AWW, provides certain management and operational services to the Company (administration, accounting, communications, data processing, education and training, engineering, financial, health and safety, human resources, information systems, internal audit, legal, operations, procurement, rates, security, risk management, water quality, research and development, etc.) and other operating companies in the AWW system on an at-cost, not-for-profit basis in accordance with a management and service agreement.

Purchases of such services by the Company were accounted for as follows:

	<u>2016</u>	<u>2015</u>
Included in operation and maintenance expense		
as a charge against income	\$ 40,772	\$ 38,839
Capitalized primarily in utility plant	10,613	9,789
	<u>\$ 51,385</u>	<u>\$ 48,628</u>

The Company received capital contributions of \$22,000 and \$45,700 from AWW in 2016 and 2015, respectively.

The Company maintains a line of credit through AWCC. The Company also participates in AWCC's centralized treasury function, whereby the Company transfers its cash to AWCC and the Company's checks are issued out of AWCC. Under this arrangement, available cash is used to pay-down the line of credit and issued checks increase the Company's line of credit balance.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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(Dollars in thousands)

The Company paid AWCC fees of \$492 in 2016 and \$688 in 2015, and recorded interest expense on short-term borrowings of \$416 in 2016 and \$75 in 2015. Interest expense on long-term debt with AWCC amounted to \$29,096 and \$26,385 in 2016 and 2015, respectively.

Accrued interest expense included amounts due to AWCC of \$6,058 and \$5,842 for 2016 and 2015, respectively.

The Company provides billing and collection services to a subsidiary of American Water Enterprises (“AWE”), which is a subsidiary of AWW and offers customer protection plans that provide water line, sewer line and in-home protection. The Company recorded revenue of \$293 in 2016 and 2015 related to the billing and collection services.

The Company sells water to affiliated companies, which are other subsidiaries of AWE to fulfill the AWE subsidiary’s obligations to provide water to outside parties. Sales to other AWW affiliates totaled \$15,609 and \$15,748 in 2016 and 2015, respectively.

The Company provides to Edison Water Company (“EWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy EWC obligations under a water service agreement for the Township of Edison’s municipal water system. The Company recorded revenue of \$587 in 2016 and \$623 in 2015 related to the EWC water service agreement.

The Company provides to Liberty Water Company (“LWC”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy LWC obligations under a water service agreement for the City of Elizabeth’s municipal water system. The Company recorded revenue of \$1,530 in 2016 and \$1,215 in 2015 related to the LWC water service agreement.

The Company provides to E’town Services, LLC (“ETS”), a subsidiary of AWE, labor, equipment and other items necessary to satisfy ETS obligations under a wastewater service agreement for the City of Elizabeth’s wastewater system. The Company recorded revenue of \$866 in 2016 and \$817 in 2015 related to the ETS wastewater service agreement.

The Company pays dividends to AWW on a quarterly basis. The amount of the dividend is based on a percentage of net income adjusted for certain items. The Company paid dividends of \$104,125 and \$99,533 in 2016 and 2015, respectively.

The Company leases office space to AWW and AWWs. The Company recorded rental income of \$1,356 and \$1,320 in 2016 and 2015, respectively.

Note 13: Fair Values of Financial Instruments

Fair Value Measurements

To increase consistency and comparability in fair value measurements, FASB guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date.

Financial assets and liabilities utilizing Level 1 inputs include active exchange-trade equity securities, exchange-based derivatives, mutual funds, and money market funds.

- Level 2 – Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchanged-based derivatives, commingled investment funds not subject to purchase, and sale restrictions and fair-value hedges.

- Level 3 – Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Current assets and current liabilities: The carrying amounts reported in the Balance Sheets for current assets and current liabilities approximate their fair values.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Long-term debt: The fair values of the Company's long-term debt are determined by a valuation model which is based on a conventional discounted cash flow methodology and utilizes assumptions of current market rates. As the Company's debts do not trade in active markets, the Company calculated a base yield curve using a risk-free rate (a U.S. Treasury securities yield curve) plus a credit spread that is based on the following two factors: an average of AWW's own publicly-traded debt securities and the current market rates for U.S. Utility securities based on an internal quantitative credit assessment of the Company. The Company used these yield curve assumptions to derive a base yield and then adjusted the base yield for specific features of the debt securities including call features, coupon tax treatment and collateral.

The carrying amounts and fair values of the financial instruments were as follows:

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

	Carrying Amount	At Fair Value as of December 31, 2016			
		Level 1	Level 2	Level 3	Total
Long-term debt, (excluding capital lease obligations)	\$ 1,248,726	\$ -	\$ 730,488	\$ 665,778	\$ 1,396,266

	Carrying Amount	At Fair Value as of December 31, 2015			
		Level 1	Level 2	Level 3	Total
Long-term debt, (excluding capital lease obligations)	\$ 1,172,491	\$ -	\$ 652,018	\$ 674,873	\$ 1,326,891

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy as of December 31, 2016 and 2015, respectively:

Recurring Fair Value Measures	At Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 1,421	\$ -	\$ -	\$ 1,421
Deposits	45	-	-	45
Total assets	<u>\$ 1,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466</u>
Liabilities:				
Deferred compensation obligation	\$ 39	\$ -	\$ -	\$ 39
Total liabilities	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>
Total net assets (liabilities)	<u>\$ 1,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427</u>

Recurring Fair Value Measures	At Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	\$ 1,421	\$ -	\$ -	\$ 1,421
Deposits	58	-	-	58
Total assets	<u>\$ 1,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479</u>
Liabilities:				
Deferred compensation obligation	\$ 174	\$ -	\$ -	\$ 174
Total liabilities	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>
Total net assets (liabilities)	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,305</u>

Restricted funds – The Company’s restricted funds represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation and maintenance projects. The proceeds of these financings are held in escrow until the designated expenditures are incurred.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Deposits – Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets.

Deferred compensation obligations – The Company’s deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities. The value of the Company’s deferred compensation obligations is based on the market value of the participants’ notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Note 14: Leases

The Company has entered into operating leases involving certain equipment and vehicles. Rental expenses under operating leases were \$373 and \$133 in 2016 and 2015, respectively, which are included in operations and maintenance expense. The operating leases have various expiration dates through 2022.

At December 31, 2016, the minimum annual future rental commitments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are, \$63 in year 2017, \$23 in 2018 through 2021 and \$14 thereafter.

Note 15: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legally binding contracts amounted to \$57,587 at December 31, 2016.

The Company also maintains long-term agreements with various third party suppliers for the purchase of water, wastewater treatment and disposal, natural gas, and electrical energy services. Costs incurred related to these commitments were \$55,010 for the year ended December 31, 2016. The total future annual commitments for purchased services having non-cancelable terms is estimated to be \$48,246 in 2017, \$47,373 in 2018, \$47,003 in 2019, \$37,061 in 2020, \$37,463 in 2021 and \$423,059 thereafter.

The Company is routinely involved in legal actions incident to the normal conduct of its business. At December 31, 2016, the Company has not identified any loss contingencies that are probable or reasonably possible for existing matters.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

Note 16: Subsequent Events

The Company performed an evaluation of subsequent events for the accompanying financial statements through March 24, 2017, the date this report was issued and determined that no circumstances warranted recognition and disclosure of those events or transactions in the financial statements as of December 31, 2016.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 - Water and Wastewater

NEW JERSEY-AMERICAN WATER COMPANY, INC.

TARIFF FOR WATER AND WASTEWATER SERVICE

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043

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AN INTRODUCTION TO CUSTOMERS

The approved tariff located in the Company's office at 1025 Laurel Oak Road, Voorhees, NJ, is available for your review. The Company is obligated to keep its tariff current, including any changes approved by the Board of Public Utilities. The Company is required to maintain it in exactly the same format as the Company's tariff on file at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, NJ.

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 at 1-609-633-9800 or the Board's Division of Customer Assistance at 1-609-341-9188 or 1-800-624-0241, or at www.nj.gov/bpu/.

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 wastewater 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. and 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 "The Utility Customer's Bill of Rights." This is a summary document; 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's 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 NJ Board of Public Utilities. A utility company may provide for more liberal treatment than that provided for in the Board's regulations.

AN OVERVIEW OF COMMON CUSTOMER COMPLAINTS AND CUSTOMER RIGHTS

- (1) No public utility shall refuse to furnish or supply service to a qualified applicant. N.J.A.C. 14:3-3.1
- (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(b))

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 in accordance with N.J.A.C. 14:3-3.4.
- (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, in accordance with N.J.A.C. 14:3-3.5.

(Continued)

DEPOSITS
(Continued)

- (5) Where a water or wastewater 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(j)

DEFERRED PAYMENT ARRANGEMENTS

- (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 wastewater; 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. (N.J.A.C. 14:3-7.7(b)2) The Company must renegotiate the deferred payment agreement should the customer document a significant change in financial situation. The Company must also issue a new discontinuance notice each time it 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(f)

DISCONTINUANCE OF SERVICE

- (7) A water and wastewater utility shall not discontinue service because of nonpayment of bills in cases where a charge is in dispute provided the undisputed charges are paid (N.J.A.C. 14:3-3A.2(e)5) 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. 14:3-7.6(b)
- (8) A customer has fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted to pay a bill. A water and/or wastewater company may not discontinue water or wastewater service unless it has provided written notice giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. This written notice shall be sent by first class mail, apart from the bill and as a separate mailing. (N.J.A.C. 14:3-3A.3 (c)) The notice shall not be given until after the expiration of the said fifteen (15) day time to pay a bill. (N.J.A.C. 14:3-3A.3(b)) 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. This provision shall not apply if Company makes a good faith effort to contact all residential customers by telephone prior to discontinuance and file with the Board a statement setting forth such procedure. 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 discontinuance of service on Fridays, Saturdays and Sundays or on the day before a New Jersey State holiday or on a New Jersey State holiday, absent such emergency. N.J.A.C. 14:3-3A.1(c)

(Continued)

DISCONTINUANCE OF SERVICE

(Continued)

- (10) The Company shall make every reasonable attempt to determine when a landlord-tenant relationship is known to exist, and if the tenants are not the customers of record but are end-users, as these terms are defined at N.J.A.C. 14:3-1.1, discontinuance of service is prohibited unless the utility has given a 15-day written notice to the owner of the premises or to the customer of record to whom the last preceding bill was rendered. Further, the utilities shall use their best efforts to determine the names and addresses of each tenant, in order to provide such notice, for example, through mailings to landlords requesting a list of tenants. The utility shall use its best efforts to provide copies of the discontinuance notice to all tenants. In addition, the utility shall provide the tenant(s) with a fifteen (15) day written notice, which shall be hand delivered, mailed, or posted in a conspicuous area of the premises and in the common areas of multiple family premises. N.J.A.C. 14:3-3A.6(a) If a utility uses posting as the method of notice, each utility shall use its best efforts to also place a copy of the notice on each tenant's car windshield or under the door of each tenant's dwelling. In the case of tenants of single and two-family dwellings, each tenant shall also be provided with a 15-day individual notice. Each utility shall offer the tenant(s) continued service to be billed to the tenant(s) unless the utility demonstrates that such billing is not feasible. The continuation of service to a tenant shall not be conditioned upon payment by the tenant of any outstanding bills due upon the account of any other person. The utility shall not be held to the requirements of this provision if the existence of a landlord-tenant relationship could not be reasonably ascertained. N.J.A.C. 14:3-3A.6(b)
- (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)
- (13) The utility shall have the right of reasonable access to customer's premises, and to all property furnished by the utility, at all reasonable times for the purpose of inspection of customer's premises incident to the rendering of service, reading meters, or inspecting, testing, or repairing its facilities used in connection with supplying the service, or for the removal of its property. (N.J.A.C. 14:3-3.6(a)) Service can be discontinued for refusal of reasonable access to customer's premises for necessary purposes in connection with rendering of service, including meter and remote reading device installation, reading or testing, or the maintenance or removal of the utilities property. (N.J.A.C. 14:3-3A.1(a)5.i) Reconnection fees as shown on Rate Schedule P-2 and Rate Schedule 9-A will be charged upon restoration of service.
- (14) It is the responsibility of a customer who wishes to voluntarily discontinue his or her service to notify the Company and request a final reading. A customer wishing to discontinue service shall give notice to the utility. Within 48 hours of said notice, the utility shall discontinue service or obtain a meter reading for the purpose of calculating a final bill. Where such notice is not received by the utility, the customer shall be liable for service until the final reading of the meter is taken. Notice to discontinue service will not relieve a customer from any minimum or guaranteed payment under any contract or rate, nor will it mitigate any of the obligations on Rate Schedules 1-A to 6-A, 8-A or 10-A. In accordance with N.J.A.C. 14:3-3A.1(b).

METER

- (15) The utility must provide for one free water meter test during any twelve (12) month period if the customer so requests it. (N.J.A.C. 14:3-4.5) 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 water utility shall, prior to removing the meter, advise the customer that they may have the meter tested by the utility or may have the Board 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 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)) The customer can apply to the Board for a Board inspector to test the customer's meter. (N.J.A.C. 14:3-4.5(e)) For such a test, a fee, in accordance with N.J.S.A. 48:2-56, shall be paid to the Board by the customer at the time the application is made. N.J.A.C. 14:3-4.5(f)
- (16) 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 regulations which can be found at N.J.A.C. 14:3-4.6.
- (17) A water utility must maintain records of customers' accounts for each billing period occurring within a six year period. Such records shall contain all information necessary to permit computation of the bill. N.J.A.C. 14:3-6.1(b)
- (18) When the meter is not located inside the customer's building but outside in a meter pit, the customer shall not make connections or alterations inside the meter pit. All such connections are to be made outside of the meter pit on the customer's side of the meter. The meter pit or vault shall be installed at a location acceptable to, and with the express approval of, the Company. The Company may install, at the Company's discretion, radio transmitters or other remote meter reading devices on its meters and appurtenances as needed to promote efficient and accurate meter reads. Failure to comply with this requirement will be considered tampering with facilities of the Company and the customer will be subject to charges for repairs to damaged equipment and/or discontinuance of service. The Company has certain rights under the law to obtain the cessation of acts constituting theft of service that have been committed in violation of N.J.S.A. 2C:20-8, as well as complete restitution for any losses or damages it has suffered as a result of said acts. Customers who tamper with Company property to illegally restore service after being shut off for nonpayment or any other reason under N.J.A.C. 14:3-3A et seq. may be subject to fees and responsible for payment of any resulting damages.
- (19) When the customer's usage is obtained through an electronic ("encoder") read, that usage shall be deemed actual. 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 the bill did not reflect the actual usage. N.J.A.C. 14:3-4.6(d)

FORM OF BILL FOR METERED SERVICE

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 statement that the applicable rate schedule will be furnished upon request; (e) the amount of the bill; (f) a distinctive marking to indicate an estimated, averaged, or remote meter index and web address and telephone number where the customer can obtain a description of the method used; (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. 14:3-7.2

STANDARD TERMS AND CONDITIONS

New Jersey-American Water hereby adopts the rules and regulations promulgated by the Board of Public Utilities of the State of New Jersey, some of which are referenced herein, and all of which are herein adopted and incorporated by reference. New Jersey-American Water provides water and wastewater service to various municipalities, all in the State of New Jersey.

Tariff B.P.U. No. 8 - Water and Wastewater is divided into a water section and a wastewater section. Each section is preceded by standard terms and conditions which are universally applicable. Tables of contents precede an alphabetical series of sequentially lettered tariff rate schedules for each section. The tables of contents denote the appropriate rate schedule applicability for all classes of service and are an integral part of this tariff.

The Corporate Office is located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043. The Company's Customer Service personnel can be reached at 1-800-652-6987. Customers in Service Areas 2 and 3, as defined in the section titled "Area Served", can also call 1-800-272-1325 for assistance.

DEFINITIONS

The following are definitions of specific terms that are used in this document:

- 1- "Board" or "BPU" shall mean the New Jersey Board of Public Utilities.
- 2- "Company" or "New Jersey-American Water" shall mean New Jersey-American Water Company, Inc. or, as applicable, any predecessor entity.
- 3- "Connecting line" is the portion of pipe that starts at the curb stop and conveys domestic water and/or fire service to the customer. The customer owns, and is responsible for the operation and maintenance of the connecting line.
- 4- "Curb stop" is the fitting attached to the service line, and is used primarily for turning on and shutting off water at the curb in emergencies, for purposes of repair or to discontinue service to a customer.
- 5- "Customer" means a person that is an end-user, a customer of record or both, as defined in N.J.A.C. 14:3-1.1. "Customer of Record" means the person that applies for utility service and is identified in the account records of a public utility as the person responsible for payment of the public utility bill. A customer may or may not be an end-user. "End User" means a person who receives, uses, or consumes water or wastewater service. An end user may or may not be a customer of record.
 - (a) A building under one-roof, owned or leased by one customer and occupied as one place of business or residence.
 - (b) A combination of buildings, owned or leased by one customer in one common enclosure, occupied by one family or business.
 - (c) A combination of buildings, such as a garden type apartment, owned or leased by one customer, in one common enclosure, none of the individual buildings of which is adapted to separate ownership.
 - (d) The one side of a double house having a solid vertical partition wall, so that it may be adapted to separate ownership.
 - (e) A building owned or leased by one person, of more than one apartment and using in common one hall and one entrance.
 - (f) A building owned or leased by one person, having a number of apartments or offices, and using a common one hall and one or more means of entrance.
 - (g) A public building or a single plot such as a park or a playground.
 - (h) A water or wastewater utility.
 - (i) A building or combination of buildings owned by one customer or entity located on contiguous property not intersected or intervened by another customer or entity.

(Continued)

STANDARD TERMS AND CONDITIONS

DEFINITIONS (Continued)

- 6- "DEP" shall mean the New Jersey Department of Environmental Protection.
- 7- "Extension" is an addition to the existing system of mains, intended to service more than one customer, either at the time of installation or in the future.
- 8- "Interruptible Service" means service which may be interrupted in the sole discretion of the Company on not less than three (3) hours' notice to the customer by telephone or otherwise.
- 9- "Main" is a pipe or conduit for conveying water or wastewater. A "water main" will exclusively convey water and a "sewer main" will exclusively convey wastewater.
- 10- "Meter" is a device to measure the quantity of water, wastewater and/or the rate of flow delivered to or from a customer.
- 11- "Meter pit" is a structure that houses a small meter or meters less than or equal to 2-inches. Unless agreed to by the Company and the customer, it is installed, furnished and maintained by the Company.
- 12- "Meter vault" is a structure that houses a meter or meters larger than 2-inches. Unless explicitly agreed to by the Company and the customer in writing, it is located and designed by the Company, and constructed, installed, furnished and maintained by the Customer at the sole expense to the customer. The Company will ensure that the vault is kept clear of any of its equipment that is no longer in service, to the extent possible.
- 13- "Person" means an individual, firm, joint venture, partnership, co-partnership, corporation, association, State, county, municipality, public agency or authority, bi-state or interstate agency or authority, public utility, regulated entity, cable television company, cooperation association, or joint stock association, trust, limited liability company, governmental entity, or other legal entity, and includes any trustee, receiver, assignee, or personal representative thereof. (N.J.A.C. 14:3-1.1)
- 14- "PSTAC" or "Purchased wastewater treatment adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of wastewater treatment purchased from a wastewater treatment purveyor. (N.J.A.C. 14:9-7.2)
- 15- "PWAC" or "Purchased water adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of water purchased from a water purveyor. (N.J.A.C. 14:9-7.2)
- 16- "PWAC Year" and "PSTAC Year" shall mean the twelve-month period beginning each April 1 and ending March 31 of the following calendar year.
- 17- "Residential customer" means a customer who receives service from a regulated entity for use in a residence. (N.J.A.C. 14:3-1.1)
- 18- "Sales for Resale Customer" means a municipal water system, a Municipal Utilities Authority, a County Utilities Authority, a Water Supply Authority, district or commission or a water utility regulated by the Board.
- 19- "Service line" is the portion of pipe that starts from a main and ends at the curb stop. The service line is owned, operated and maintained by the Company. (N.J.A.C. 14:3-8)
- 20- "Tap" is the fitting inserted in the main to which the service line is attached. It is used to facilitate the tapping of the main and for shutting off water in case of repairs to the service line.
- 21- "Tariff," as referred to herein, is the entire "Tariff for Water and Wastewater Service" as the same may be amended or revised from time to time in accordance with N.J.A.C. 14:3-1.3, Tariffs.
- 22- "Water connection" includes all service line, taps and curb stops necessary to supply customers with water at their premises from the Company's water mains.
- 23- "Water service" is the act of providing water to a customer.

STANDARD TERMS AND CONDITIONS
WATER

DOMESTIC, INDUSTRIAL AND COMMERCIAL WATER SERVICE CONNECTION

- 1- Inquiry for a water service connection may be made by mail, telephone (888.237.1333) or via the Company's website at www.amwater.com/njaw, and the Company will provide and submit to the applicant, if necessary, any and all forms to be filled out and signed by the owner, or their agents, for the premises to be supplied, including the identity of the customer of record.
- 2- Such inquiry shall be made a reasonable time before required to obtain the installation of service lines and accessories by the Company, as hereinafter defined, for new buildings and premises not previously supplied.
- 3- Separate inquiry shall be made for each premise and for each type of water service requested to be furnished (*i.e.* consumptive, irrigation, construction, etc.).
- 4- Water connections shall be made by the Company subject to the prior existence of a main that is adequately sized in terms of capacity and pressure required for the specific water connection within a public right of way or water company easement abutting the property or premises to be served except in the case where the location of the connection is proposed to be on the long side of a divided (raised or grass) state highway, in which case the customer will be required to enter into a main extension agreement. The acceptance of such inquiries shall in no way obligate the company to extend its distribution mains to abut the property or premises except as hereinafter provided.
- 5- 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.
- 6- Company is not obligated to install more than one service and meter for each property or premises. Furthermore, in those instances where more than one service is requested the company reserves the right to recapture all costs associated with the additional service(s).
- 7- Whenever the Company reconnects service to a customer under the following conditions, a charge will be rendered, for providing this service as described in Rate Schedule P-2.
 - 7.i. Whenever the Company has determined that a customer's service has been reconnected without the permission of the Company after service has been terminated for non-payment of bills or violation of the Company's tariff, the Company will terminate the customer's service for a second time and give written notice to the customer that if service is reconnected again without the permission of the Company, it will be necessary for the Company to excavate and physically disconnect service. A reconnection charge will be applied as set forth in Rate Schedule P-2 of the present tariff.
 - 7.ii. Customers in default in the payment of a bill may be required to furnish a deposit or increase their existing deposit in an amount sufficient to secure the payment of future bills. Service shall not be discontinued for failure to make such deposit except after proper notice to the customer. If a customer who has made a deposit fails to pay a bill, the Company may apply such deposit insofar as is necessary to liquidate the bill and may require that the deposit be restored to its original amount. N.J.A.C. 14:3-3.4(f)
- 8- The Company shall review a residential customer's account at least once every year and a nonresidential customer's account at least once every two years to determine whether the customer has established credit satisfactory to the Company. If this review indicates that the customer has met the utility's standard requirements for establishing credit, the utility shall refund the customer's deposit. N.J.A.C. 14:3-3.5, Return of deposits, interest on deposits.
- 9- If the deposit has remained with the Company for at least three months, without default, it will be returned to the customer with simple interest on an annual basis at a rate established annually by the Board of Public Utilities. Deposits shall cease to bear interest upon the discontinuance of service.

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STANDARD TERMS AND CONDITIONS
WATER

DOMESTIC, INDUSTRIAL AND COMMERCIAL WATER SERVICE CONNECTION (Continued)

- 10- Water sales to customers or entities using trucks or tanks that require additional attention can affect the Company's daily operations. A surcharge may be applied as listed in Rate Schedule P-1 of the present tariff.
- 11- A deposit may be required to guarantee payment for water service used for general construction and contracting purposes in an amount equal to the cost of the meter furnished. The deposit, less the cost of repairs to the meter, if any, will be refunded after surrender of the meter and payment of all charges for water supplied through it.
- 12- Physical connections, such as cross-connections, interconnections, valves, pumps, or similar devices, either permanent or temporary, connecting the pipelines or facilities of the Company with other pipelines or facilities supplied with water from other sources will not be permitted without the express written consent of the Company. Water which has once been drawn from the Company's distribution network and used for any purpose or stored in tanks, is considered an unapproved source of supply.
- 13- The Company may require a cross-connection protective device on a customer's service, in accordance with N.J.A.C. 7:10-10, which will be purchased and installed at the expense of the customer. The cross-connection device shall be of the type approved by the Company. Inspection and testing at intervals, in accordance to N.J.A.C. 7:10-10, will be performed at the expense of the customer.
- 14- No device or connection is permitted between pipes carrying water from the mains of the Company and any portion of the plumbing system of the premises, which may under any condition permit back-flow or back-siphonage unless prior written permission has been granted by the Company.
- 15- Customers requesting a relocation of their service line will be required to pay a fee for the new service line and elimination of the existing service line.
- 16- Customers requesting a relocation of a Public Fire Hydrant will be required to pay a fee for its relocation.
- 17- Installation of electronic meter reading devices and other equipment designed to facilitate efficient and accurate meter reads, protect the integrity of the water system and/or quality of the water supplied by the Company may be required from any customer as a condition of service at the discretion of the Company.

STANDARD TERMS AND CONDITIONS
WATER

FINANCIAL AID

- 1- The Company understands that from time to time its customers may have difficulty paying their water and/or wastewater bills issued by the Company. If at any time customers find that they cannot pay their water and/or wastewater bill by the due date, the Company requests that the customers contact the Company's Customer Service Center, prior to the due date, to work out a payment arrangement with the Company to avoid a shut-off of service, at 1-800-652-6987.
- 2- In addition to working out payment arrangements with customers in times of financial difficulty, the Company has also established a residential customer assistance program for its low income customers who are having difficulty paying their water and/or wastewater bills issued by the Company. This residential customer assistance program, called the H2O Help to Others Assistance Program, is designed to provide financial assistance to qualified residential customers to pay their water and/or wastewater bills and protect them from an unnecessary discontinuance of their water and/or wastewater service. A grant from the H2O Help to Others Assistance Program may be awarded to cover a portion or all of the residential customer's outstanding bill based on the customer's ability to pay, income level and the availability of funds in the program. For more information about this program, please contact NJ Shares at 1-877-652-9426 or any subsequent program administrator whose contact information may be found on the Company's web site.
- 3- The Company established a second residential customer assistance program for customers with a total annual income at or below 200% of the Federal Poverty guidelines called the H2O Help to Others Low Income Payment Program ("LIPP") or Discount Program. Through this program, the Company will provide a discount off of the customer's monthly bill. The actual H2O LIPP discount is set equal to the customer's applicable water Fixed Service Charge (not greater than a 1" meter charge). If the customer is also provided wastewater service by the Company, the customer is also eligible for a wastewater service discount equal to the water service discount amount. Residential customers who need help and qualify for the H2O LIPP should call the NJ Shares toll free number at 1-877-652-9426 or any subsequent program administrator whose contact information may be found on the Company's web site. Upon acceptance into the LIPP, residential customers who receive Social Security benefits or Medicare coverage can qualify for a credit equal to the current DSIC surcharge rate per Rate Schedule K on their monthly bill (not greater than the current 1" DSIC surcharge).
- 4- Upon acceptance into the LIPP, qualifying residential customers will be offered the opportunity to enroll in the Company's Conservation Program. Conservation Program offerings are free of charge to residential customers enrolled in the LIPP and can include instructions on performing a home water audit, a retrofit kit for use with certain appliances and fixtures, and a leak repair of fixtures for which the customer is responsible (value up to \$300).

BUDGET BILLING

The Company will make available to residential customers whose accounts do not reflect past-due balances the option to pay their bills on a monthly, budgeted basis. The budget billing plan year will be a twelve (12)-month time frame. It would allow a customer to pay a predetermined monthly amount, based upon the customer's average usage. If a customer is a new customer with little or no prior history of utility use, the monthly budget amount shall be determined using a reasonable estimate of likely usage. The budget billing plan will be made available to eligible customers by bill insert or bill message at least twice in each twelve (12)-month period. The Company will "true up" the actual cost of service rendered as determined by actual meter readings and the actual monthly budgeted amount at the beginning of the budget plan year, and at least once during the budget plan year if the true-up performed during the customer's budget plan year reveals an increase or decrease of twenty-five (25) percent or more in the monthly budget amount and the Company will adjust the budget billing plan up or down, if necessary. There shall be no more than one such adjustment during the budget plan year. The Company will notify the customer of any change in the budget billing amount prior to such change. A final bill for the budget plan year shall be issued in the last month of the budget plan year, and shall contain the month's monthly budget amount, plus an adjustment of any difference between said amount and the actual cost of service rendered during the budget plan year. Payment of this final balance due is required before the customer will be allowed to participate in the budget billing program for the upcoming budget billing plan year. The Company shall notify the budget billing plan customers in writing of a revised monthly budget amount at least ten (10) working days before the due date the initial bill of the next budget plan year. Should the customer opt out of the budget billing plan, payment of the total charges incurred to date will be due immediately, or, in the alternative, agree to enter into a deferred payment agreement according to N.J.A.C. 14:3-7.7; or a credit will be applied to the account, whichever is applicable. The plan bill shall contain the information required by N.J.A.C. 14:3-7.2, Form of Bill for Metered Service, N.J.A.C. 14:3-7.3 Form of Bill for Unmetered Service, and N.J.A.C. 14:3-7.4, Method of Billing. Should the customer breach the terms of the budget billing plan by failing to make the monthly payments as required under the plan or by having a budget billing plan payment returned due to insufficient funds, the Company reserves the right to terminate the customer's participation from the program; payment of total charges incurred to date will be due immediately, or, in the alternative, the Company and the customer will agree to enter into a deferred payment agreement according to N.J.A.C. 14:3-7.7.

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR15010035 dated September 11, 2015.

STANDARD TERMS AND CONDITIONS
WATER

SERVICE AND CONNECTING LINES

Company Side – Service Lines

- 1- The Company is responsible for the installation and maintenance of the service line. N.J.A.C. 14 :3-8.1 et seq.
- 2- Only employees of the Company or persons duly authorized to do so by the Company are permitted to operate or otherwise access the curb stop.
- 3- No service line shall be used to supply more than one customer unless authorized in advance by the Company in writing.
- 4- Where two or more customers are supplied through a single service line, the customers must provide a suitable location(s) for a separate meter and separate shut-off valve that will be dedicated to each customer. The piping of the building must be so arranged that each customer can be supplied through an independent meter, shut off valve and piping system as may be required by the Company, at the Company's discretion. The meter pit or vault shall be installed at a location acceptable to, and with the express approval of, the Water Company.
- 5- No single building or single group of buildings in one common enclosure and under one ownership shall be supplied by more than one service line.

Customer Side – Connecting Lines

- 6- Connecting lines are owned, installed, maintained and repaired by the customer at the customer's sole expense. The connecting line should be maintained in a condition conducive for the Company to perform the services required to serve the customer. If the connecting pipe is not so maintained, any failure of this pipe following the operation of the curb stop by the Company will be the responsibility of the customer. While performing its duties, if the Company notices that the connecting pipe or other customer owned and maintained appurtenances appear to be in poor condition, the Company will attempt to notify the customer of such, including that the customer may desire to contact a licensed plumber for a professional evaluation and/or repair of the connecting pipe and appurtenances. Failure to repair a leaking connecting line is grounds for termination of water service. N.J.A.C. 14:3-3A.1(a)5.x
- 7- Connecting lines should be installed, without sharp bends, at right angles to the line of the street and shall be installed in the trench not less than 3-1/2 feet in depth to avoid damage and possible interruption to service caused by freezing. Other utility service lines shall not be installed in the same trench as the connecting line.
- 8- No attachment shall be made to the connecting line between the curb stop and the meter except as otherwise authorized by the Company. Unauthorized attachments are grounds for termination of service. N.J.A.C. 14:3-3A.1(a)5.ii
- 9- Connecting lines should not be less than ¾ inch in inside diameter.
- 10- A customer must install a water pressure reducing valve where required by State of New Jersey plumbing code. If a water pressure reducing valve is required to be installed, the customer must install a pressure relief valve (collectively both are referred to as the "Valves"). In all cases, the costs of installation and maintenance of the Valves shall be borne by the customer. The customer shall own and be obligated to maintain the Valves. The Company will not be liable for damage due to meter failures if the customer is located in a high pressure zone and does not have a pressure reducing valve or has a pressure reducing valve downstream from a water meter that is installed inside the premises.

For meters less than or equal to 2 inches the pressure reducing valve will be located on the downstream side of the meter if the meter is located outside of the customer's premises and on the upstream side of the meter, if the meter is located inside of the customer's premises. For meters greater than 2 inches the pressure reducing valve will always be located on the upstream side of the meter.
- 11- The customer is required to make all changes in the connecting line due to changes in grade, relocation of mains, or other causes only if such changes are mandated by a municipality, county, state or other governmental body.

STANDARD TERMS AND CONDITIONS
WATER

WATER MAIN EXTENSIONS

- 1- The Company will extend water service in accordance with all applicable laws of the State of New Jersey and Board of Public Utilities regulations and orders including N.J.A.C. 14:3-8.1 et seq.

Information on how to apply for a water main extension can be found on the Company's website at <http://www.amwater.com/njaw/working-with-us/doing-business-with-us/developers-customer-resources.html>.

The application form can be downloaded, filled out and faxed in to the Company at the fax number provided on the application.

CUSTOMER'S PREMISES

- 1- The Company may refuse to provide a water connection, or furnish water through a connection pipe already installed, when a customer's piping system is not installed in accordance with the regulations of the Company and of the municipality in which the premises are located; or when the system on the premises is not at sufficient depth to prevent freezing.
- 2- The Company shall have the right of reasonable access to customer's premises, and to all property furnished by the Company, at all reasonable times for the purpose of inspection of customer's premises incident to the rendering of service, reading meters, or installing, relocating, inspecting, testing, replacing or repairing its facilities used in connection with supplying the service, or for the removal of its property. (N.J.A.C. 14:3-3.6) Service can be discontinued for refusal of reasonable access to customer's premises for necessary purposes in connection with rendering of service, including meter installation, reading or testing, installation, replacement or relocation of meter reading devices, or the maintenance or removal of the utilities property. (N.J.A.C. 14:3-3A.1(a)5.i) Reconnection fees as shown on Rate Schedule P-2 will be charged upon restoration of service.
- 3- Customers shall not permit access to the meter and other appliances of the Company except by authorized employees of the Company or properly authorized state or local inspectors.
- 4- In all cases the customers should not interfere with property of the Company, but should immediately notify the Company of any problem.
- 5- It is the sole responsibility of each customer to ensure that all piping and appurtenances within a customer's premises comply with state, municipal and other public health regulations in force with respect hereto including state and local plumbing codes. The piping and appurtenances shall be maintained in a condition conducive for the Company to perform the services required to serve the customer.
- 6- In any premises where devices are used which might produce a back pressure, such as steam boilers, carbonation equipment for soft drinks, booster pumps, etc., a check valve shall be installed by the customer at the meter. In the event such check valve is installed, pressure relief valves should be provided by the customer in the system.
- 7- In any premises where an auxiliary water source is available, the pipes carrying water from the mains of the Company are required to be marked in some distinctive manner for ready identification.

PRIVATE FIRE PROTECTION SERVICE

- 1- 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.
- 2- 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. The utility shall have the right to suspend or curtail or discontinue service for any of the following acts or omissions on the part of the customer: tampering with any facility of the utility; fraudulent representation in relation to the use of service; and connecting and operating in such manner as to produce disturbing effects on the service of the utility or other customers. (N.J.A.C. 14:3-3A.1(a)5)

(Continued)

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR15010035 dated September 11, 2015.

STANDARD TERMS AND CONDITIONS
WATER

PRIVATE FIRE PROTECTION SERVICE (Continued)

- 3- 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
- 4- Unless specified by the Company, dedicated private fire service lines are to be used exclusively for fire protection purposes and should be equipped with special meters.
- 5- A "multi-use" service is not a private fire service. Please refer to Schedule P-3 for the terms and conditions regarding multi-use service.
- 6- 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.
- 7- 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.

PUBLIC FIRE PROTECTION SERVICE

- 1- 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 or the designated customer of record (e.g. local fire district) shall pay the Company a charge for service to public fire hydrants within that municipality as provided in the applicable rate schedule set forth in this tariff.

EMERGENCY RESPONSES DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED SUPPLY

- 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, 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 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
- 2- 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.
- 3- 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.

(Continued)

STANDARD TERMS AND CONDITIONS
WATER

EMERGENCY RESPONSES DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED SUPPLY (Continued)

- 4- 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 damages or inconvenience resulting there from. In the event of an extraordinary demand and/or diminished supply, or when operational issues make such actions desirable, including, among other things, protecting the integrity of the system and permit conditions, 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.
- 5- 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, or any successor agency or department pursuant to the Water Supply Management Act, or other statutes or regulations of the state or federal government. Such interruptions or restrictions shall be reported to the Department of Environmental Protection, if necessary, 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. 14:3-3.7 et seq., within one week. Thereafter the utility shall provide weekly reports for the duration of the emergency.
- 6- When the supply of water to individual customers is to be discontinued or curtailed for the customer's failure to comply with emergency water restrictions imposed because of extraordinary demand or diminished supply, the Company shall advise such customer(s) by placing a door tag 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 customers' billing address. In the case of door tags, 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.

(Continued)

STANDARD TERMS AND CONDITIONS
WATER

GENERAL RULES

- 1- Company will endeavor to provide a regular and uninterrupted supply of water through its facilities. However, if service shall be interrupted, irregular, or defective, or fail because of breakdown or emergency, the Company will not be liable for damage, inconvenience or lost income resulting there from.
- 2- A customer's responsibility to pay for water service continues from the time service is commenced, pursuant to his/her application, until written notice is received by the Company of a change of ownership or occupancy of the premises or written notice is received by the Company to discontinue the applicable service. Upon receipt of such notice, the Company will arrange for a final meter reading and billing. No allowance will be made in case of non-occupancy, unless the Company is notified in writing as stated above.
- 3- The Company does not undertake to render any special service or maintain any fixed pressure. In the event of an accident or for other reasons, the Company may shut off the water in its mains and pipes and may restrict the use of water whenever the public welfare may require it. All customers requiring an uninterrupted supply or a uniform pressure of water for any purpose, such as steam boilers, are cautioned to provide their own means of providing such special uninterrupted service. When the supply is to be interrupted or curtailed, the Company will endeavor to give notice.
- 4- The Company does not undertake to supply any uniform quality of water for special purposes, such as laboratories, manufacturing or processing plants, swimming pools, bleaching or dyeing plants, or laundries. Customers requiring water of special quality, or water free from discoloration or turbidity, are required to provide their own means of treating water, or provide such other protection as may be deemed necessary for the purpose required.
- 5- The location of meters and the arrangement of the fittings and piping are subject to inspection and approval of the Company and should meet Company's requirements presented herein.
- 6- Neither by inspection approval nor failure to approve, nor in any other way, does the Company give any guarantee, or assume any responsibility, expressed or implied, as to the adequacy, safety or characteristics of any structures, equipment, pipes, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties.
- 7- The Company will not be liable for any loss, injury, casualty, or damage resulting from the supply or use of water service, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises.
- 8- No unauthorized person is permitted to turn the water on or off at any street valve, corporation stop, curb stop, or other street connection, or disconnect or remove any meter without the consent of the Company.
- 9- No agent or employee of the Company shall have authority to bind it, by any promise, agreement, or representation not provided in this tariff, or in any way inconsistent therewith.
- 10- Exempt rates are charged for service rendered to those customers entitled to statutory relief pursuant to N.J.S.A. 54:30A-50, et seq.
- 11- The quantity of water recorded by the meter shall be taken to be the amount delivered to the customer, except where the meter has been found to be registering fast by more than one and one-half percent (1.5%) or has ceased to register.
- 12- All service provided by the Company except public fire protection shall be metered. Thus, no unmetered water service connections are permitted except as otherwise set forth herein or approved by the Company.
- 13- The Company shall own and provide without charge for each customer supplied on a measured basis, a meter or meters and such appurtenances related to the meter as are customarily furnished by the Company, such as encoders, radio transmitters, meter pits, or other devices designed to facilitate the collection of accurate and efficient meter reads. This section does not apply to meter vaults.

(Continued)

STANDARD TERMS AND CONDITIONS
WATER

GENERAL RULES (Continued)

- 14- The Company requires that all meters be housed inside meter pits (for meters that are less than or equal to 2-inches) or meter vaults (for meters that are larger than 2-inches). Where more than one service type exists (domestic, private fire protection or irrigation) all meters shall be housed inside a meter vault if any one meter is greater than two inches. The Customer is responsible for the installation and maintenance of meter vaults. All meter pits and meter vaults will be located outside of the Customer's structure in a location acceptable to the express approval of the Water Company. Notwithstanding the foregoing, the Company may grant an exception to this rule on a case by case basis at the Company's discretion.
- 15- The Company maintains and repairs meters except in case of misuse or damage by the customer or the customer's invitees, agents, representatives or contractors, in which case the Company shall charge the customer for repairing and replacing the meter, said charge to be based on the costs related to the removing, repairing, replacing and/or resetting the meter. The charge will be made in accordance with Rate Schedule P-2.
- 16- All bills will be computed in accordance with the rates of the Company as shown in this Tariff, and as the same may be amended or revised from time to time. Rates are subject to such changes as the state regulatory body having jurisdiction may require, authorize or allow.
- 17- Where more than one rate schedule is available to particular customers, the utility shall have at all times the duty to assist such customers in the selection of the rate schedule most favorable for their individual requirements and to make every reasonable effort to insure that such customers are served under the most advantageous schedule.
- 18- Throughout the tariff one cubic foot is equivalent to 7.48 gallons.
- 19- Upon the request of a customer, the Company shall send a Spanish language version of the notice of discontinuance for nonpayment. N.J.A.C. 14:3-3A.3(e)
- 20- The Company reserves the right to require any customer having unusual requirements of demand, services or supply to enter into a special written contract, which contract shall provide for the mutual obligations of the customer and Company. Special contracts will be filed with the Board.
- 21- In case of fraud, deception, illegal use, or when it is clearly indicated that the customer is preparing to leave, the Company may demand immediate payment of accounts and terminate service without further notice.
- 22- The Company reserves the right to change, take from or add to this tariff and the Standard Terms and Conditions, to the extent permitted by law, or permitted by the applicable regulations of the state regulatory body having jurisdiction.
- 23- For all materials furnished or services rendered to any governmental agency or unit of the United States, New Jersey, or sub-unit thereof, that is not covered by any other tariff provision or rate schedule, and which pertain to hydrants, meters or situations involving emergencies, the charges will be 10% more than the total of the following applicable items:
 - (a) Equipment and materials: actual costs;
 - (b) Labor charges: actual costs (including base plus fringe); and,
 - (c) Other charges: actual costs (such as permits, police protection, contractor labor, restoration, etc.).

STANDARD TERMS AND CONDITIONS
WATER

SPECIAL PROVISIONS

- 1- Residential service may not be discontinued for non-payment for a period of up to two months if a medical emergency exists within the premises and which would be aggravated by the shut off so long as the customer provides the Company with reasonable proof of his or her inability to pay and a physician's written statement as to the existence of the emergency, its nature and probable duration, and that termination of service will aggravate the medical emergency. This period of non-discontinuance may be extended as set forth in N.J.A.C. 14:3-3A.2(j). Notwithstanding the foregoing, the customer remains liable to the Company for the payment of services rendered, subject to the provisions of N.J.A.C. 14:3-7.6, at the end of the period of medical emergency. N.J.A.C. 14:3-3A.2(i).
- 2- The utility shall use its best efforts to provide copies of the discontinuance notice to all tenants. In addition, the utility shall provide the tenant(s) with a fifteen (15) day written notice, which shall be hand delivered, mailed, or posted in a conspicuous area of the premises and in the common areas of multiple family premises. N.J.A.C. 14:3-3A.6(a). If a utility uses posting as the method of notice, each utility shall use its best efforts to also place a copy of the notice on each tenant's car windshield or under the door of each tenant's dwelling. In the case of tenants of single and two-family dwellings, each tenant shall also be provided with a 15-day individual notice. Each utility shall offer the tenant(s) continued service to be billed to the tenant(s) unless the utility demonstrates that such billing is not feasible. Tenants seeking continuation of service under this provision shall supply the utility with a copy of a valid lease or rental agreement. The continuation of service to a tenant shall not be conditioned upon payment by the tenant of any outstanding bills due upon the account of any other person. The utility shall not be held to the requirements of this provision if the existence of a landlord-tenant relationship could not be reasonably ascertained. N.J.A.C. 14:3-3A.6(b).
- 3- The Company shall have the right to suspend or curtail or discontinue service for any of the following reasons (N.J.A.C. 14:3-3A.1(a)):
 1. For the purpose of making permanent or temporary repairs, changes or improvement in any part of its system;
 2. For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid;
 3. For non-payment of a valid bill due for service furnished at a present or previous location, in accordance with N.J.A.C. 14:3-3A.2. However, non-payment for business service shall not be a reason for discontinuance of residence service except in cases of diversion of service pursuant to N.J.A.C. 14:3-7.8;
 4. For nonpayment of a deposit, in accordance with N.J.A.C. 14: 3-3A.9;
 5. For any of the following acts or omissions on the part of the customer:
 - (i) Refusal of reasonable access to the customer's premises in accordance with N.J.A.C. 14:3-3.6;
 - (ii) tampering with any facility of the Company;
 - (iii) fraudulent representation in relation to the use of service;
 - (iv) customer moving from the premises, unless the customer requests that service be continued;
 - (v) providing service to others without approval of the Company;
 - (vi) refusal to contract for service where such contract is required;
 - (vii) connecting and operating equipment in such manner as to produce disturbing effects on the service of the Company or other customers;
 - (viii) failure of the customer to comply with reasonable Standard Terms and Conditions;
 - (ix) where the condition of the customer's installation presents a hazard to life or property; or
 - (x) failure of a customer to repair any faulty facility of the customer.

(Continued)

STANDARD TERMS AND CONDITIONS
WATER

SPECIAL PROVISIONS (Continued)

- 4- Service shall be restored within 12 hours upon proper application when: 1. all of the conditions under which service was discontinued are corrected; and 2. payment of all charges due is received at the utility or at an authorized payment center and the utility has received notice of the payment. Any other provision notwithstanding, the utility shall restore service within 12 hours if there is a complaint involving such matters before the Board and Board staff so directs the utility. N.J.A.C. 14:3-3A.9
- 5- If more than one meter test is made within a twelve (12) month period at the request of the customer and the meter is found to be accurate, the Company shall charge the customer for this meter test at the rate set forth in Rate Schedule P-2 for each additional test. (N.J.A.C. 14:3-4.5). If the meter is found to register fast by more than one and one-half percent (1.5%) of the water passed through the meter at full capacity, the customer will not be charged for the test. N.J.A.C. 14:3-4.6
- 6- If a meter is found to be registering less than 100 percent of the service provided, the utility shall not adjust the charges retrospectively or require the customer to repay the amount undercharged, except if: 1) the meter was tampered with; 2) the meter failed to register at all; or 3) the circumstances are such that the customer should reasonably have known that the bill did not reflect the actual usage. In cases where the meter registers zero usage for an entire billing period, and the customer has knowingly taken and received water service, the customer shall be deemed to have reasonable knowledge that the meter may be defective or malfunctioning. If a meter is found to be registering less than 100 percent of the service provided because of theft or tampering, the utility may require immediate payment of the amount the customer was undercharged. In cases of a charge to a customer's account under 2 or 3 above, the customer shall be allowed to amortize the payments for a period of time equal to that period of time during which the customer was undercharged.
- 7- Rules concerning estimated bills for residential customers are as follows: (1) The Company shall maintain a regular meter reading schedule and make a reasonable effort to read all meters, (2) The Company, upon request, must make available to all customers a postage-paid business reply card on which the customer may mark the meter reading. Said card shall have appropriate explanation. The utility must permit the customer to telephone the meter reading to the utility. The customer reading is to be used in lieu of an estimated reading, provided the reading is received in time for billing, (3) When the Company estimates an account for four consecutive billing periods (monthly accounts), or two consecutive billing periods (bi-monthly and quarterly accounts), the Company must initiate a program to mail a notice marked "Important Notice" to the customer on the fifth and seventh months explaining that a meter reading must be obtained and said notice must explain the penalty for failure to complete an actual meter reading. After all reasonable means to obtain a meter reading have been exhausted, the Company may discontinue service provided at least eight months have passed since the last meter reading was obtained, the Board of Public Utilities has been so notified, and the customer has been properly notified by prior mailing. If service is discontinued and subsequently restored, the utility may charge a reconnection charge equal to the reconnection charge for restoring service after discontinuance for non-payment. The reconnection charge shall become due when service is restored, whether the Company or an authorized professional physically restores service. Unauthorized reconnections shall be considered theft of service. Unauthorized reconnections by a customer no longer in arrears, shall be considered tampering with utility facilities. (4) The Company must submit to the Board of Public Utilities a statement detailing their estimating procedures. (5) An estimated bill must be clearly designated as such. (6) If low estimates result in a customer receiving an actual bill that is at least twenty five percent (25%) greater than the prior estimated bill, the Company shall allow the customer to amortize the excess amount. The amortization will be in equal installments over a period of time equal to the period when no actual meter reading was taken by the customer or the Company. (7) Annually, the Company shall notify all customers of their rights to amortize as set forth in N.J.A.C. 14:3-7.2.

(Continued)

STANDARD TERMS AND CONDITIONS
WATER

SPECIAL PROVISIONS (Continued)

- 8- If for any reason a utility cannot read a customer's meter, the utility may use estimated billing in accordance with N.J.A.C. 14:3-7.2(c). Customers may request a special reading for a meter where a high bill or other reason exists to believe the meter reading used for billing purposes is in error.
- 9- A customer having two or more meters (excluding meters for Service to Privately Owned Fire Protection Systems under applicable Rate Schedules set forth in the tariff) on the same premises will be charged at the tariff rate for the quantity of water equivalent to the sum registered on all of the meters on the premises, subject to a facilities charge equal to the sum of the facilities charges for each meter. Private Fire Protection services will be charged separately, in agreement to the present tariff.
- 10- Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

LATE PAYMENT CHARGE

- 1- Should a nonresidential customer fail to make payment as specified under Terms of Payment in Rate Schedules A-1, A-3, A-5, A-8, A-10, A-11, A-14, A-15, F, 1-A, 2-A, 3-A, 4-A, 8-A, 10-A, and 11-A, the Company may, on the twenty-sixth (26th) day, assess a late charge equivalent to 1/12th the prime rate as published in the Money Rates column in *The Wall Street Journal*. Service to state, county or municipal government entities will not be subject to a late payment charge. The charge will be applied to the previous billed amount that is not paid at the time the next monthly bill is prepared. The amount of the late payment charge to be applied to the Customer's account shall be calculated by multiplying the previous unpaid bill amount by the late charge rate. When payment is received by the Company from a Customer who has an unpaid balance which includes charges for late payment, the Customer's payment shall be applied first to the oldest aged unpaid bill amount and its applicable late charge, and then to the next oldest aged bill amount and late charge. Notwithstanding the foregoing shut off provisions in accordance with N.J.A.C. 14:3-3A will still apply to past due accounts.

MULTI-USE SERVICE

- 1- Multi-use service is only available to franchise customers who submit a completed application to the Company. By applying for multi-use service, the customer agrees to be responsible for all claims, costs and liability for personal injury, death and/or property damage, resulting from the customer's individual water system, unless caused by the negligence of the water utility.
- 2- All multi-use service lines shall be metered and the meter shall be located in a meter pit or vault located outside of the Customer's structure. The meter pit or vault shall be installed at a location acceptable to the express approval of the Water Company.
- 3- If a customer requests a change in meter size associated with a multi-service meter, the customer must re-apply for service and re-certify each item addressed below and in Rate Schedule P-3.

By applying for multi-use service, and operating the same, the customer agrees:

1. The customer has complied with all of the terms and conditions set forth on Rate Schedule P-3.
2. To include a backflow prevention device(s) as defined at N.J.A.C. 7:10-1.3, and as specified at N.J.A.C. 7:10-10.3;
3. To be solely responsible for all costs and expenses relating to the installation, operation, maintenance, repair and replacement of the customer's water system, including the fire suppression system and backflow prevention device(s);
4. To ensure that the customer's water system complies with the applicable requirements of the Uniform Construction Code in effect at the time of system installation, including any applicable building, plumbing and fire protection sub-codes; and
5. To ensure that the customer's water system is maintained in accordance with all applicable law so as to protect against backflow, back-siphonage and contamination of the potable water system.
6. To be subject to disconnection under the standard terms and conditions as apply to fire protection service or multi-use service in accordance with the Board's rules governing discontinuance of such service at N.J.A.C. 14:3-3A.4(j) and N.J.A.C. 14:9-8.3

THIS SHEET RESERVED FOR FUTURE USE

Issued: March 30, 2007

Effective: March 30, 2007

By: Walter Lynch, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR06030257 dated April 2, 2007.

AREA SERVED – WATER SERVICE

This tariff shall apply to the service area of the Company, which includes all or part of the following municipalities and all other places as may be permitted by law. This tariff shall also apply to other systems under contract wherever served. Hereafter, and unless otherwise specified herein,

- **Service Area 1** refers to the water service area of New Jersey-American Water Company as it existed prior to January 1, 2007;
- **Service Area 2** refers to the water service area of the former Elizabethtown Water Company;
- **Service Area 3** refers to the water service area of the former Mount Holly Water Company;
- **Service Area 1A** refers to the water service area of the former South Jersey Water Supply Company;
- **Service Area 1B** refers to the water service area of the former Penns Grove Water Supply Company;
- **Service Area 1C** refers to the service area of the former Shorelands Water Company;
- **Service Area 1D** refers to the service area of the former Applied Wastewater Management, Inc. (“Applied”); and
- **Service Area 1E** refers to the service area including all customers formerly served by the Borough of Haddonfield or located within the geographic boundaries of Haddonfield.

Unless otherwise indicated, all municipalities and customers referenced below having no numeric designation next to their names were served by New Jersey-American Water Company as it existed prior to January 1, 2007. All municipalities and customers with a (2) designation next to their names were served by the former Elizabethtown Water Company prior to January 1, 2007; with a (3) designation next to their names were previously served by the former Mount Holly Water Company prior to January 1, 2007; with a (1A) designation next to their names were previously served by the former South Jersey Water Supply Company prior to November 1, 2007; with a (1B) designation next to their names were previously served by the former Penns Grove Water Supply Company prior to November 1, 2007; with a (1C) next to their names were previously served by the former Shorelands Water Company; and with a (1D) designation next to their names were previously served by Applied Wastewater Management, Inc. prior to September 1, 2010. Where a municipality was served in part by two of the former water companies listed above, service provided by New Jersey-American Water Company as it existed prior to January 1, 2007 shall be identified by a (1) designation.

All municipalities for which the Company provides water service only to a portion of the municipality are reflected by a double asterisk (**) designation.

Atlantic County

Franchise Customers

Cities

Absecon
 Linwood
 Northfield
 Pleasantville
 Somers Point

Townships

Egg Harbor
 Galloway **

Burlington County

Franchise Customers

Boroughs

Palmyra
 Riverton

Cities

Beverly

Townships

Burlington **
 Cinnaminson
 Delanco
 Delran
 Eastampton (3)
 Edgewater Park
 Hainesport (3)
 Lumberton (3)
 Mansfield (3)
 Maple Shade**
 Mt. Laurel **
 Mt. Holly (3)
 Pemberton **
 Riverside
 Southampton (3)
 Springfield (3) **
 Westampton (3)

Resale Customers

Evesham Township MUA
 Township of Moorestown
 Medford Township
 Mt. Laurel Township MUA
 Township of Maple Shade

(Continued)

Issued: April 3, 2017

Effective: April 3, 2017

By: Robert G. MacLean, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. WM16101036 dated March 24, 2017.

AREA SERVED - WATER SERVICE
(Continued)

Camden County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Cities</u>	
Audubon	Camden (11th and 12th Wards) **	
Audubon Park		Township of Haddon
Barrington	<u>Townships</u>	Aqua New Jersey Water Co.
Bellmawr **	Cherry Hill **	Borough of Berlin
Clementon **	Gloucester **	Merchantville-Pennsauken
Gibbsboro	Haddon **	Water Commission
Haddon Heights	Pennsauken **	Winslow Township MUA
Haddonfield (1E)	Voorhees	Borough of Pine Hill
Hi-Nella		
Laurel Springs		
Lawnside		
Lindenwold		
Magnolia		
Mt. Ephraim		
Oaklyn		
Runnemede		
Somerdale		
Stratford		

Cape May County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Cities</u>		
Ocean City		Middle Township Water District #2
<u>Townships</u>		
Middle **		
Upper		

Essex County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Townships</u>	
North Caldwell **	Cedar Grove **	Township of Livingston
	Irvington	
	Livingston **	
	Maplewood	
	Millburn	
	South Orange Village **	
	West Orange	

Gloucester County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Townships</u>		
East Greenwich **		Deptford Township MUA
Harrison (1A)		East Greenwich Township
Logan (1) & (1B)		Elk Township MUA
Mantua**		Mantua Township MUA
Woolwich**		Township of West Deptford
		City of Woodbury
		Borough of Pitman
		Borough of Woodbury Heights
		Borough of Glassboro
		Borough of National Park

(Continued)

AREA SERVED - WATER SERVICE
(Continued)

Hunterdon County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Townships</u>	Flemington Borough (2)
Frenchtown	Raritan (2) Readington (2)** Tewksbury (2) (1D)**	

Mercer County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Townships</u>	Borough of Hopewell (2) Lawrenceville Water Company (2)
Princeton (2)	Hopewell (2) ** Lawrence (2)** West Windsor (2)	

Middlesex County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Townships</u>	Edison Water Company (2) Township of South Brunswick (2) Middlesex Water Co. (2) Monroe Township Water (2)
Dunellen (2) Jamesburg Middlesex (2)** South Plainfield (2) **	Cranbury (2) Edison (2)** Monroe ** Piscataway (2) ** Plainsboro (2) ** South Brunswick (2) **	

Monmouth County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Cities</u>	Borough of Avon Borough of Belmar Lake Como Borough Borough of Matawan Borough of Red Bank Borough of Keansburg Farmingdale Borough
Allenhurst Bradley Beach Deal Eatontown Fair Haven Highlands Interlaken Little Silver Monmouth Beach Neptune City Oceanport Red Bank ** Rumson Sea Bright Shrewsbury Tinton Falls Union Beach West Long Branch	Asbury Park Long Branch <u>Townships</u> Aberdeen ** Colts Neck ** Freehold ** Hazlet (1C) Holmdel **(1C) Howell ** Middletown Neptune (incl. Ocean Grove) Ocean Shrewsbury <u>Villages</u> Loch Arbour	

(Continued)

AREA SERVED - WATER SERVICE

(Continued)

Morris County

Franchise Customers

<u>Boroughs</u>	<u>Townships</u>
Mendham	Chatham
Florham Park **	Chester (2) (1D)**
Chester	Harding **
	Long Hill (formerly Passaic)
	Mendham **
	Mt. Olive (1) (1D)**

Resale Customers

Township of East Hanover
Roxiticus Water Company

Ocean County

Franchise Customers

<u>Boroughs</u>	<u>Townships</u>
Bay Head	Berkeley**
Lavallette **	Brick**
Mantoloking	Toms River (formerly Dover)**
	Lakewood
	Plumsted (3)

Resale Customers

Lakewood Township MUA
Borough of Point Pleasant

Passaic County

Franchise Customers

<u>Boroughs</u>	<u>Townships</u>
West Paterson **	Little Falls

Salem County

Franchise Customers

<u>Boroughs</u>	<u>Townships</u>
Pennsgrrove (1B)	Carneys Point (1B)
	Oldmans (1B)

Somerset County

Franchise Customers

<u>Boroughs</u>	<u>Townships</u>
Bernardsville	Bedminster (1) & (2)
Bound Brook (2)	Bernards
Far Hills	Branchburg (2)
Manville (2)	Bridgewater (2)
Millstone (2)	Franklin (2) **
North Plainfield (2)	Green Brook (2)
Peapack and Gladstone (2)	Hillsborough (2)
Raritan (2)	Montgomery (2)
Rocky Hill	Warren (1) & (2)
Somerville (2)	
South Bound Brook (2)	
Watchung (1) & (2)	

Resale Customers

Franklin Township (2)

(Continued)

AREA SERVED - WATER SERVICE

(Continued)

Union County

<u>Franchise Customers</u>		<u>Resale Customers</u>
<u>Boroughs</u>	<u>Townships</u>	
Fanwood (2)	Berkeley Heights	Liberty Water Company (2)
Garwood (2)	Clark (2)	Township of Winfield Park (2)
Kenilworth (2)	Cranford (2)	City of Rahway
Mountainside (2)	Hillside (1) & (2)	
New Providence	Scotch Plains (2)	
Roselle (2)	Springfield	
Roselle Park (2)	Union (1) & (2)	
<u>Cities</u>	<u>Towns</u>	
Summit	Westfield (2)	
Linden (2)		
Plainfield (2)		

Warren County

<u>Franchise Customers</u>	
<u>Boroughs</u>	<u>Townships</u>
Washington	Franklin
	Mansfield
<u>Towns</u>	Oxford **
Belvidere	Washington
	White

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By: Robert G. MacLean, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WM16101036 dated March 24, 2017.

RATE SCHEDULE A-1
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial, and municipal service throughout Service Area 1 and Service Area 3 Mansfield Township (Homestead) served by the Company, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

Size of Meter	Non-Exempt		Exempt	
	Per Month	Per Quarter	Per Month	Per Quarter
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	Gallons		Rate*	
	Per Month	Per Quarter	Per 100 Gallons	Per 1,000 Gallons
Non-Exempt	All	All	\$0.61998	\$6.1998
Exempt	All	All	\$0.53462	\$5.3462

	Cubic Feet		Rate*	
	Per Month	Per Quarter	Per 10 Cubic Feet	Per 100 Cubic Feet
Non-Exempt	All	All	\$0.463745	\$4.63745
Exempt	All	All	\$0.399896	\$3.99896

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.862323 per 1,000 gallons. This water tax is not applicable for sales for resale service.

RATE SCHEDULE A-2
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered sales for resale service throughout Service Area 1 and Service Area 3 Mansfield Township (Homestead) served by the Company, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.61498	\$6.1498
Exempt	All	All	\$0.53031	\$5.3031

	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.460005	\$4.60005
Exempt	All	All	\$0.396672	\$3.96672

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

RATE SCHEDULE A-3
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial, and municipal service throughout Service Area 2, Service Area 3 and Service Area 1A served by the Company, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

Size of Meter	Non-Exempt		Exempt	
	Per Month	Per Quarter	Per Month	Per Quarter
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	Gallons	Gallons	Rate*	Rate*
	Per Month	Per Quarter	Per 100 Gallons	Per 1,000 Gallons
Non-Exempt	All	All	\$0.60533	\$6.0533
Exempt	All	All	\$0.52199	\$5.2199

	Cubic Feet	Cubic Feet	Rate*	Rate*
	Per Month	Per Quarter	Per 10 Cubic Feet	Per 100 Cubic Feet
Non-Exempt	All	All	\$0.452787	\$4.52787
Exempt	All	All	\$0.390449	\$3.90449

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.862323 per 1,000 gallons. This water tax is not applicable for sales for resale service.

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Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR15010035 dated September 11, 2015.

RATE SCHEDULE A-4
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered sales for resale service throughout Service Area 2, Service Area 3 and Service Area 1A served by the Company, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>		<u>Rate</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.60033	\$6.0033
Exempt	All	All	\$0.51768	\$5.1768

	<u>Cubic Feet</u>		<u>Rate</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.449047	\$4.49047
Exempt	All	All	\$0.387225	\$3.87225

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

RATE SCHEDULE A-5
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial and municipal service to customers served by the Company in the Borough of Manville, Somerset County (formerly served by the Borough of Manville Water Utility) located in Service Area 2, and in Service Area 1D, formerly served by Applied Wastewater Management, Inc. ("Applied"), noted on Sheet Nos. 21 – 25, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.56185	\$5.6185
Exempt	All	All	\$0.48450	\$4.8450

	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.420264	\$4.20264
Exempt	All	All	\$0.362406	\$3.62406

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.862323 per 1,000 gallons. This water tax is not applicable for sales for resale service.

THIS SHEET RESERVED FOR FUTURE USE

Issued: January 1, 2011

Effective: January 1, 2011

By: John Bigelow, President
1025 Laurel Oaks Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR10040260 dated December 6, 2010.

THIS SHEET RESERVED FOR FUTURE USE

Issued: January 1, 2011

Effective: January 1, 2011

By: John Bigelow, President
1025 Laurel Oaks Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR10040260 dated December 6, 2010.

RATE SCHEDULE A-8
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial, municipal and sales for resale service to customers served by the Company in the Columbus section of the Townships of Mansfield and Southampton, Burlington County in Service Area 3, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>		<u>Rate*</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.52433	\$5.2433
Exempt	All	All	\$0.45214	\$4.5214

	<u>Cubic Feet</u>		<u>Rate*</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.392199	\$3.92199
Exempt	All	All	\$0.338201	\$3.38201

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.862323 per 1,000 gallons. This water tax is not applicable for sales for resale service.

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Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
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THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE A-10
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial, municipal and sales for resale service to customers served by the Company in Service Area 1B, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Per Month</u>	<u>Non-Exempt</u>	<u>Per Quarter</u>
5/8"	\$13.60		\$40.80
3/4"	20.40		61.20
1"	34.00		102.00
1 1/2"	68.00		204.00
2"	108.80		326.40
3"	204.00		612.00
4"	340.00		1,020.00
6"	680.00		2,040.00
8"	1,088.00		3,264.00
10"	1,360.00		4,080.00
12"	1,700.00		5,100.00

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.44988	\$4.4988
	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.336510	\$3.36510

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). This water tax is not applicable for sales for resale service.

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1025 Laurel Oak Road, Voorhees, New Jersey 08043
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RATE SCHEDULE A-11
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general metered residential, commercial, industrial, municipal and sales for resale service to customers served by the Company in Service Area 1C, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge and the Water Charge.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Per Month</u>	<u>Non-Exempt</u>	<u>Per Quarter</u>
5/8"	\$14.00		\$42.00
3/4"	21.00		63.00
1"	35.00		105.00
1 1/2"	70.00		210.00
2"	112.00		336.00
3"	210.00		630.00
4"	350.00		1,050.00
6"	700.00		2,100.00
8"	1,120.00		3,360.00
10"	1,610.00		4,830.00

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.4774	\$4.774
	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate*</u>	<u>Rate*</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.3571	\$3.571

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). This water tax is not applicable to sales for resale service.

Issued: April 3, 2017

Effective: April 3, 2017

By: Robert G. MacLean, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WM16101036 dated March 24, 2017.

THIS SHEET RESERVED FOR FUTURE USE

Issued: September 1, 2010

Effective: September 1, 2010

By: John Bigelow, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WM09110890 dated April 16, 2010.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE A-14
IRRIGATION SERVICE - WATER

APPLICABILITY

Applicable to use of water supplied through meters located in Service Area 1D, formerly served by Applied Wastewater Management, Inc. ("Applied"), noted on Sheet Nos. 21 – 25 for the sole purpose of irrigation. Whenever service is established or is discontinued, all applicable fixed service charges shall be prorated to the date of establishment or discontinuance of service. The charge for the general metered service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

WATER CHARGE

	<u>Gallons</u> <u>Per Month</u>	<u>Gallons</u> <u>Per Quarter</u>	<u>Rate*</u> <u>Per 100 Gallons</u>	<u>Rate*</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.76619	\$7.6619
	<u>Cubic Feet</u> <u>Per Month</u>	<u>Cubic Feet</u> <u>Per Quarter</u>	<u>Rate*</u> <u>Per 10 Cubic Feet</u>	<u>Rate*</u> <u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.573110	\$5.73110

FIXED SERVICE CHARGE

	<u>Size of Meter</u>	<u>Rate Per Month</u>	Non-Exempt	<u>Rate Per Quarter</u>
	5/8" or 5/8" x 3/4"	\$13.60		\$40.80
	3/4"	20.40		61.20
	1"	34.00		102.00
	1 1/2"	68.00		204.00
	2"	108.80		326.40
	3"	204.00		612.00
	4"	340.00		1,020.00
	6"	680.00		2,040.00
	8"	1,088.00		3,264.00

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). This water tax is not applicable for sales for resale service.

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RATE SCHEDULE A-15
GENERAL METERED SERVICE WATER

APPLICABILITY

Applicable for general metered residential, commercial, industrial, municipal and sales for resale service to customers served by the Company in Service Area 1E, except as specifically provided elsewhere in this tariff. The charge for general metered service shall consist of the total of the Fixed Service Charge and the Water Charge.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All general metered water service customers shall pay a fixed service charge based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Per Month</u>	<u>Non-Exempt</u>	<u>Per Quarter</u>
All Meter Sizes	\$4.16		\$12.50

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter. Meters read and excess water billed monthly in arrears.

<u>Consumption</u> <u>Per Month</u>	<u>Consumption</u> <u>Per Quarter</u>	<u>Non-Exempt Rate</u> <u>Per 100 Gallons</u>
First 2,700 gallons	First 8,000 gallons	\$0.5600
Next 10,700 gallons	Next 32,000 gallons	0.7060
Over 13,400 gallons	Over 40,000 gallons	0.7840

TERMS OF PAYMENT

Valid bills for general metered water service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). This water tax is not applicable for sales for resale service.

RIDER A
ECONOMIC DEVELOPMENT PROGRAM

ELIGIBILITY:

- Minimum Annual Average Monthly Volume: 35,000 gallons per monthly billing cycle for new customers or a net increase of 35,000 gallons for existing customers meeting the additional provisions below.
- Employment of a minimum of ten (10) new full-time equivalent employees or a 50% increase in the number of new full-time jobs created, whichever is less, who will be employed in the new or expanded space.
- Customer Classes: General Metered Service Commercial and General Metered Service Industrial
 - Customer class exception: Residential uses in Commercial class (Apartments and condominiums) while considered commercial customers, are not eligible for this program.
- New customers who lease, purchase or construct new space for manufacturing, retail, research, office or warehousing.
- Existing customers who lease, purchase or construct new space for manufacturing, retail, research, office or warehousing and/or expand its existing operations.
- Any existing space that is reconverted for use for the purpose of qualifying under this program must have been vacant for a minimum of one (1) year.
- Application to New Jersey American Water shall be made on the Company's form, which must be completed and submitted by the customer and approved by New Jersey American Water, at the Company's discretion, before the customer may participate in the program.
- An annual certification is required. The certification shall be made on the form prescribed by New Jersey American Water by an officer of the customer stating that eligibility requirements have been met Failure to submit the annual certification shall be grounds for termination of the customer's participation in the program. in the program.

BENEFITS:

- Credit on water consumption charge for up to four (4) years. Applicable fixed charges, PWAC charges, and any other applicable charges will continue to be applied at the standard rate, as set forth within this tariff.
- Amount of Credit on Water Consumption Charges:

Year	Amount of Credit
1 st Year	50%
2 nd Year	40%
3 rd Year	25%
4 th Year	10%
- Additional credit of five per cent (5%) on water consumption charges will be added to the above credits for all of the Company's customers who qualify for the Economic Development Program and who are also located in a "priority location" (Urban Enterprise Zone) as defined by the New Jersey Economic Development Authority.

NOTE:

The decision to accept the initial application, or continued participation, of a customer into the program resides with New Jersey American Water, at the Company's discretion. Also, the ability to include customers into the program is subject to available capacity as established through the New Jersey Department of Environmental Protection permitting process.

Failure of the customer to maintain the minimum monthly usage during 2 or more months in a rolling 12-month period shall be grounds to remove the customer from the Economic Development Program.

RATE SCHEDULE C
SALES FOR RESALE - COMMODITY-DEMAND SERVICE

APPLICABILITY

Applicable to Sales for Resale customers served by the Company who have executed a Commodity-Demand Regional Water Sales Agreement ("Agreement") with an initial term of 10 years and a minimum Nominated Demand, as defined in the Agreement, of 50,000 gallons per day. The charge for service shall consist of the total of the Fixed Service Charge, the Commodity Charge, the Demand Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

Continuous, except as limited by the terms of the agreement.

FIXED SERVICE CHARGE

All such customers shall pay a monthly fixed service charge based on the size of each meter installed by the Company, in addition to the charge for the commodity of water used and the charge for the demand nominated or experienced, whichever is greater. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

Size of Meter	Non-Exempt		Exempt	
	Per Month	Per Quarter	Per Month	Per Quarter
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

COMMODITY CHARGE

A charge will be rendered for all water used pursuant to the provisions of the Applicability section of this Rate Schedule C as follows:

Gallons Per Month	Rate Per 100 Gallons		Rate Per 1,000 Gallons	
	Non-Exempt	Exempt	Non-Exempt	Exempt
All	\$0.05264	\$0.04539	\$0.5264	\$0.4539

Cubic Feet Per Month	Rate Per 10 Cubic Feet		Rate Per 100 Cubic Feet	
	Non-Exempt	Exempt	Non-Exempt	Exempt
All	\$0.039375	\$0.033952	\$0.39375	\$0.33952

DEMAND CHARGE

A monthly charge will be rendered for all water available to the customer in accordance with the customer's Nominated Demand, as provided for in the Agreement.

Nominated Demand Charge Per Month			
Rate Per 100 Gallons of Nominated Demand		Rate Per 1,000 Gallons of Nominated Demand	
Non-Exempt	Exempt	Non-Exempt	Exempt
\$6.249	\$5.389	\$62.49	\$53.89

Rate Per 10 Cubic Feet of Nominated Demand		Rate Per 100 Cubic Feet of Nominated Demand	
Non-Exempt	Exempt	Non-Exempt	Exempt
\$4.6743	\$4.0313	\$46.743	\$40.313

TERMS OF PAYMENT

Valid bills for sales for resale service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due 30 days after the invoice date. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

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RATE SCHEDULE D
SALES FOR RESALE - OFF-PEAK SERVICE

APPLICABILITY

Applicable to Sales for Resale customers served by the Company who have executed an Off Peak Water Sales Agreement ("Agreement") with an initial term of 10 years and a minimum Off Peak Demand, as defined in the Agreement, of 50,000 gallons per day. The charge for service shall consist of the total of the Fixed Service Charge, the Commodity Charge, the Demand Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

Continuous, except as limited by the terms of the agreement.

FIXED SERVICE CHARGE

All such customers shall pay a monthly fixed service charge based on the size of each meter installed by the Company, in addition to the charge for the commodity of water used and the charge for the demand selected or experienced, whichever is greater. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established for a new customer or discontinued for a customer leaving the system permanently, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service. The fixed service charge shall not be prorated for any service provided during the months of May through September of each year.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

COMMODITY CHARGE

A charge will be rendered for all water used pursuant to the provisions of the Applicability section of this Rate Schedule D as follows:

<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>		<u>Rate Per 1,000 Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
All	\$0.05264	\$0.04539	\$0.5264	\$0.4539

<u>Gallons Per Month</u>	<u>Rate Per 10 Cubic Feet</u>		<u>Rate Per 100 Cubic Feet</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
All	\$0.039375	\$0.033952	\$0.39375	\$0.33952

DEMAND CHARGE

A monthly charge will be rendered for all water available to the customer in accordance with the customer's Off Peak Demand, as provided for in the Agreement. The Demand Rate is 91.96% of the Commodity-Demand Service Demand Rate set forth on Rate Schedule C.

<u>Off Peak Demand Charge Per Month</u>			
<u>Rate Per 100 Gallons of Off Peak Demand</u>		<u>Rate Per 1,000 Gallons of Off Peak Demand</u>	
<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
\$5.747	\$4.957	\$57.47	\$49.57

<u>Rate Per 10 Cubic Feet of Off Peak Demand</u>		<u>Rate Per 100 Cubic Feet of Off Peak Demand</u>	
<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
\$4.2989	\$3.7078	\$42.989	\$37.078

TERMS OF PAYMENT

Valid bills for sales for resale service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due 30 days after the invoice date. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

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RATE SCHEDULE E
SALES FOR RESALE - MANASQUAN

APPLICABILITY

Applicable to Sales for Resale customers served by the Company in Service Area 1 who have executed Manasquan Reservoir Water Supply System Water Purchase Contracts and either: (1) whose purchases of water and rates of flow are in accordance with the provisions of Appendix A of this Rate Schedule; or, (2) who have executed a Water Resale and Treatment Agreement, in which case the terms of such Agreement, regarding purchase limitations, shall supersede the applicable Appendix A schedule herein.

CHARACTER OF SERVICE

Continuous, except as limited by the terms of the agreement.

FIXED SERVICE CHARGE

All such customers shall pay a Fixed Service Charge based on the size of each meter installed by the Company, in addition to the charge for the quantity of water used, if any, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

A charge will be made for all water used pursuant to the provisions of the Applicability section of this Rate Schedule E as follows:

	<u>Rate Per 100 Gallons</u>		<u>Rate Per 1,000 Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
Uninterruptible	\$0.18848	\$0.16253	\$1.8848	\$1.6253
Interruptible	\$0.61498	\$0.53031	\$6.1498	\$5.3031

(Continued)

RATE SCHEDULE E
SALES FOR RESALE - MANASQUAN
(Continued)

DEFINITIONS:

UNINTERRUPTIBLE SERVICE

Uninterruptible service is water service to be provided to customers in quantities specified in Appendix A herein or Schedule A of the Water Resale and Treatment Agreement. The Annual Purchase Requirement is the minimum total volume of water per year which will be purchased take-or-pay by the customer from the Company. The Company agrees to provide to the customer the quantity specified in Appendix A herein or Schedule A of the Water Resale and Treatment Agreement unconditionally, except to the extent that: (1) the limitations of Appendix A herein or Schedule A of the Water Resale and Treatment Agreement apply to restrict the quantity of water which the customer may take on a maximum monthly, maximum daily and peak hourly basis; and, (2) in those cases where the contracts have been executed, the provisions of Section 5 of the Agreement, regarding force majeure events, may apply under certain circumstances. The rate may be found on Rate Schedule E of the present tariff.

INTERRUPTIBLE SERVICE

Interruptible service means a supply of water, to the extent that the Company in its reasonable judgment determines that it has excess water available above the Annual Purchase Period Limitations specified in Appendix A herein or Schedule A of the Water Resale and Treatment Agreement, which may be provided to the customer: (1) to meet extraordinary consumer demand requirements; (2) for occasional, temporary, or emergent needs; or (3) in such other circumstances as shall be agreed upon by the Company and the customer. The rate may be found on Rate Schedule E of the present tariff.

TERMS OF PAYMENT

Valid bills for sales for resale service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due 30 days after the invoice date. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

(Continued)

RATE SCHEDULE E
SALES FOR RESALE - MANASQUAN

APPENDIX A

Annual Purchase Period: July 1, 1990 through June 30, 1991 and each subsequent 12 month period thereafter.

Uninterruptible Service shall not exceed the limits established for each month, day and hour in each Annual Purchase Period as set forth in the following tables:

Borough of Avon-By-The-Sea

Annual Purchase Requirement: 46.0 Million Gallons Per Year (MGY)

Uninterruptible Service
Annual Purchase Period Limitations

<u>Month</u>	<u>Maximum Monthly Purchase Million Gallons (MG)</u>	<u>Maximum Daily Purchase Million Gallons (MG)</u>	<u>Peak Hourly Purchase Gallons Per Minute (GPM)</u>
January	7	0.30	250
February	7	0.30	250
March	7	0.30	250
April	7	0.30	250
May	3	0.11	90
June	2	0.11	90
July	1	0.05	90
August	2	0.11	90
September	4	0.16	90
October	7	0.30	250
November	7	0.30	250
December	7	0.30	250

Borough of Belmar

Annual Purchase Requirement: 102.0 MGY

Uninterruptible Service
Annual Purchase Period Limitations

<u>Month</u>	<u>Maximum Monthly Purchase (MG)</u>	<u>Maximum Daily Purchase (MG)</u>	<u>Peak Hourly Purchase (GPM)</u>
January	17	1.00	1000
February	17	1.00	1000
March	17	1.00	1000
April	17	1.00	1000
May	0	0.00	0
June	0	0.00	0
July	0	0.00	0
August	0	0.00	0
September	0	0.00	0
October	17	1.00	1000
November	17	1.00	1000
December	17	1.00	1000

(Continued)

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. WR15010035 dated September 11, 2015.

RATE SCHEDULE E
SALES FOR RESALE - MANASQUAN

APPENDIX A
 (Continued)

Borough of Matawan

Annual Purchase Requirement: 121.18 MGY

Uninterruptible Service
Annual Purchase Period Limitations

<u>Month</u>	<u>Maximum Monthly Purchase (MG)</u>	<u>Maximum Daily Purchase (MG)</u>	<u>Peak Hourly Purchase (GPM)</u>
January	24	1.20	900
February	21	1.05	900
March	23	1.15	900
April	21	1.05	900
May	0	0.00	0
June	0	0.00	0
July	0	0.00	0
August	0	0.00	0
September	0	0.00	0
October	23	1.15	900
November	23	1.15	900
December	23	1.15	900

Borough of Red Bank

Annual Purchase Requirement: 200.0 MGY

Uninterruptible Service
Annual Purchase Period Limitations

<u>Month</u>	<u>Maximum Monthly Purchase (MG)</u>	<u>Maximum Daily Purchase (MG)</u>	<u>Peak Hourly Purchase (GPM)</u>
January	51	2.55	2100
February	51	2.55	2100
March	51	2.55	2100
April	34	1.46	1200
May	6	0.30	300
June	6	0.30	300
July	6	0.30	300
August	6	0.30	300
September	6	0.30	300
October	34	1.46	1200
November	62	2.66	2150
December	62	2.66	2150

With mutual consent, the parties may agree to reduce delivery at one point while increasing delivery at the other point.

(Continued)

RATE SCHEDULE E
SALES FOR RESALE - MANASQUAN

APPENDIX A
(Continued)

Lake Como Borough

Annual Purchase Requirement: 36.5 MGY

Uninterruptible Service
Annual Purchase Period Limitations

<u>Month</u>	<u>Sales for resale Manasquan Maximum Monthly Purchase (MG)</u>	<u>Manasquan Maximum Daily Purchase (MG)</u>	<u>Manasquan Peak Hourly Purchase (GPM)</u>
January	4.0	0.37	300
February	4.0	0.37	300
March	4.0	0.37	300
April	4.0	0.37	300
May	3.65	0.12	400
June	2.45	0.12	500
July	1.23	0.06	450
August	2.45	0.12	400
September	4.8	0.18	350
October	5.0	0.37	350
November	4.0	0.37	300
December	4.0	0.37	300

RATE SCHEDULE F
OPTIONAL INDUSTRIAL WHOLESALE

APPLICABILITY

Applicable only to customers that are served by the Company and that (a) use 1,250,000 or more cubic feet of water per month, each and every month (b) have loading factors not in excess of 1.2 times their monthly consumption on an average daily basis, (c) have signed an annual commitment as to their average monthly consumption on an average daily basis. The charge for service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

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

WATER CHARGE

<u>Rate Per 100 Gallons</u>		<u>Rate Per 1,000 Gallons</u>	
<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt*</u>	<u>Exempt*</u>
\$0.35144	\$0.30305	\$3.5144	\$3.0305
 <u>Rate Per 10 Cubic Feet</u>		 <u>Rate Per 100 Cubic Feet</u>	
<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt*</u>	<u>Exempt*</u>
\$0.262877	\$0.226681	\$2.62877	\$2.26681

FIXED SERVICE CHARGE

All such customers shall pay a Fixed Service Charge based on the size of the meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or discontinued, all applicable fixed charged shall be prorated to the date of establishment or discontinuance of service as follows:

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

MINIMUM CONSUMPTION CHARGE

A minimum consumption charge is applicable. The minimum consumption charge is equal to 1,250,000 cubic feet of water per month multiplied by the appropriate Water Charge herein and the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1.

TERMS OF PAYMENT

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

(Continued)

RATE SCHEDULE F
OPTIONAL INDUSTRIAL WHOLESALE
(Continued)

TERMS

Bills are rendered monthly in arrears (or quarterly at the sole option of the Company).

CONDITIONS

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

If monthly consumption on an average daily basis exceeds a load factor of 1.2 times the last (rolling) twelve months average monthly consumption on an average daily basis for three consecutive months, between April 1 and September 30, a customer will be removed from this Rate Schedule and will be billed under the General Metered Service Rate Schedule A-3. A customer can be exempt from the above requirements if they intend to increase their average daily consumption, on a monthly basis [entitled the committed average daily amount (CADA) for the next twelve months provided they sign an additional written commitment at least one month prior to the period in which they exceed 1.2 times their consumption on an average daily basis.

If a customer's actual amount used is less than the CADA, the customer will be billed at the CADA level. This minimum billing procedure will remain in effect for a period of twelve months from the date the new commitment becomes effective. A customer eliminated from this Rate Schedule will continue to be billed under General Metered Service for a minimum of twelve months and will again be eligible for this schedule if, after twelve months, its monthly consumption on an average daily basis has not exceeded, for three consecutive months, 1.2 times the last twelve month average monthly consumption.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons (\$.00748 per 100 cubic feet) of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.862323 per 1,000 gallons. This water tax is not applicable for sales for resale service.

RATE SCHEDULE G
SALES FOR RESALE - SERVICE TO OTHER SYSTEMS

APPLICABILITY

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

CHARACTER OF SERVICE

Continuous, except as limited by written agreement.

WATER CHARGE

<u>Consumption</u>	<u>Rate per Million Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>
All water usage	\$2,769.80	\$2,388.50

	<u>Rate Per 100 Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>
All water usage	\$0.27698	\$0.23885

TERMS OF PAYMENT

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

TERMS

Subject to written agreement.

CONDITIONS

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

RATE SCHEDULE H
SALES FOR RESALE - PEAKING SERVICE

APPLICABILITY

Applicable to Sales for Resale customers for sales occurring during the Company's peak service period May 1 through September 30 who: (1) do not have a written agreement with the Company for the provision of water service; or (2) whose written agreement with the Company does not contain an annual purchase commitment. This Rate Schedule does not apply to customers taking service under Rate Schedule D (Off-Peak) during non-drought conditions unless otherwise provided for in that customer's agreement. During drought emergencies declared by the Governor, this Rate Schedule will be applied to all surplus water transfers ordered by the Commissioner of the Department of Environmental Protection to mitigate drought. The charge for this service shall consist of the total of the Fixed Service Charge, the Water Charge, the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1, and the Distribution System Improvement Charge (DSIC), as shown on Rate Schedule K.

CHARACTER OF SERVICE

Interruptible.

FIXED SERVICE CHARGE

All such customers shall pay a fixed service charge, during any month when water is consumed pursuant to this Rate Schedule H, based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$13.60	\$40.80	\$11.73	\$35.19
3/4"	20.40	61.20	17.59	52.77
1"	34.00	102.00	29.32	87.96
1 1/2"	68.00	204.00	58.64	175.92
2"	108.80	326.40	93.82	281.46
3"	204.00	612.00	175.91	527.73
4"	340.00	1,020.00	293.19	879.57
6"	680.00	2,040.00	586.38	1,759.14
8"	1,088.00	3,264.00	938.21	2,814.63
10"	1,360.00	4,080.00	1,172.76	3,518.28
12"	1,700.00	5,100.00	1,465.95	4,397.85
16"	2,720.00	8,160.00	2,345.52	7,036.56

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	<u>Gallons</u>		<u>Rate</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non Exempt	All	All	\$0.90331	\$9.0331
Exempt	All	All	\$0.77894	\$7.7894

	<u>Cubic Feet</u>		<u>Rate</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non Exempt	All	All	\$0.675676	\$6.75676
Exempt	All	All	\$0.582647	\$5.82647

TERMS OF PAYMENT

Valid bills for sales for resale service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due 30 days after the invoice date. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

Issued: September 16, 2015

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By: William M. Varley, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
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 Docket No. WR15010035 dated September 11, 2015.

RATE SCHEDULE I
EMERGENCY OR BACKUP BULK RATE SALES

APPLICABILITY

Applicable to emergency/backup bulk sales to municipalities or other water purveyors in Service Area 1C, and only by yearly contract between the municipality or other water purveyor and the Company.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All such customers shall pay a fixed service charge, during any month when water is consumed pursuant to this Rate Schedule I, based on the size of each meter installed by the Company. Customers with multiple meters shall be charged for each meter at the indicated rate.

Size of Meter	Non-Exempt		Exempt	
	Per Month	Per Quarter	Per Month	Per Quarter
3"	210.00	630.00	180.00	540.00
4"	350.00	1,050.00	300.00	900.00
6"	700.00	2,100.00	600.00	1,800.00
8"	1,120.00	3,360.00	960.00	2,880.00
10"	1,610.00	4,830.00	1,380.00	4,140.00

WATER CHARGE

In addition to the Fixed Service Charge set forth above, a charge will be made for all water used as registered by the meter.

	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non Exempt	All	All	\$0.4774	\$4.774
Exempt	All	All	\$0.4099	\$4.099

	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 10 Cubic Feet	Rate Per 100 Cubic Feet
Non Exempt	All	All	\$0.3571	\$3.571
Exempt	All	All	\$0.3066	\$3.066

Exempt customers, as defined in N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c), are those public utility corporations which are subject to the payment of a tax based on gross receipts.

Non-Exempt customers are all other customers not entitled to the statutory exemptions provided pursuant to N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c). Uninterruptible and steady state customers are as defined in the Water Resale and Treatment Agreement.

TERMS OF PAYMENT

Valid bills for sale of water under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

CONDITIONS

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

RATE SCHEDULE J
SALES FOR RESALE – MANASQUAN

APPLICABILITY

Applicable to bulk sales to municipalities or other water purveyors taking water from the New Jersey Water Supply Authority ("NJWSA") delivered through Service Area 1C pursuant to Water Resale and Treatment contractual requirements where they pay the NJWSA directly for the raw water.

CHARGES

A charge will be made for all water used pursuant to the take or pay contractual agreement as follows:

	<u>Non-Exempt</u> Rate Per Million Gallons	<u>Exempt</u> Rate Per Million Gallons
Uninterruptible	\$2,614.00	\$2,248.50
Steady State	3,607.00	3,103.00

Exempt customers, as defined in N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c), are those public utility corporations which are subject to the payment of a tax based on gross receipts.

Non-Exempt customers are all other customers not entitled to the statutory exemptions provided pursuant to N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c). Uninterruptible and steady state customers are as defined in the Water Resale and Treatment Agreement.

FIXED SERVICE CHARGE

All sales for resale service customers shall pay a fixed service charge based on the size of each meter installed, in addition to the charge for the quantity of water used if any. Customers with multiple meters shall be charged for each meter at the indicated rate.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
3"	\$210.00	\$630.00	\$180.00	\$540.00
4"	350.00	1,050.00	300.00	900.00
6"	700.00	2,100.00	600.00	1,800.00
8"	1,120.00	3,360.00	960.00	2,880.00

TERMS OF PAYMENT

Valid bills for sales for resale service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due 30 days after the invoice date. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

RATE SCHEDULE K
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Applicable to all general metered service and sales for resale customers throughout the entire territory served.

CHARACTER

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

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to all other charges for general metered service (GMS) and sales for resale customers throughout the entire territory served, the following charges will be assessed on a fixed, per meter basis for each monthly bill, commencing December 1, 2016.

RATE

This charge is in addition to Rate Schedules A-1 through A-10, A-12, A-14, C, D, E, F and H.

<u>Size of Meter</u>	<u>Non-Exempt Per Month</u>	<u>Exempt Per Month</u>
5/8"	\$1.90	\$1.64
3/4"	2.86	2.46
1"	4.76	4.10
1 1/2"	9.52	8.21
2"	15.23	13.13
3"	28.56	24.63
4"	47.59	41.04
6"	95.19	82.08
8"	152.30	131.33
10"	190.38	164.17
12"	237.97	205.21
16"	380.76	328.33

FILING

The DSIC is authorized pursuant to N.J.A.C. 14:9-10.1 et seq. and the procedures for filing, reviewing, approving and implementing the DSIC are set forth therein. The DSIC is based on the Company's Foundational Filing, which was reviewed and approved by the Board of Public Utilities on September 11, 2015. The approval process included public notice and four public hearings. The notice included proposed surcharge amounts, which were estimated based on projected construction schedules, costs and other factors. Pursuant to the approved Foundational Filing, the Company shall endeavor to make semi-annual DSIC filings at approximately six month intervals. The DSIC is subject to a maximum amount and other limitations in N.J.A.C. 14:9-10.1 et seq.

TERMS OF PAYMENT

See Rate Schedules for applicable customer classes.

CONDITIONS

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

RATE SCHEDULE L-1
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company, throughout Service Area 1, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
For each 2-inch service	\$19.94	\$59.82
For each 3-inch service	44.87	134.61
For each 4-inch service	79.76	239.28
For each 6-inch service	179.46	538.38
For each 8-inch service	319.04	957.12
For each 10-inch service	498.50	1,495.50
For each 12-inch service	717.84	2,153.52
For each 16-inch service	1,276.16	3,828.48

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-1.

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

RATE SCHEDULE L-2
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company in Service Area 1 in the townships of Logan and Woolwich, Gloucester County in the area formerly served by Logan Wells Water Company.

CHARACTER OF SERVICE

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

RATES

The charge for private fire protection shall consist of the total of the sprinkler head charge based on the number of sprinkler heads and the hydrant charge based on the number of hydrants.

	<u>Per Month</u>	<u>Per Quarter</u>
For each Sprinkler Head	\$0.92	\$2.76
For each Hydrant	\$28.86	\$86.58

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered in monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-1.

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge

RATE SCHEDULE L-3
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company, throughout Service Area 2, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

1- Connection Charge

Sprinkler connections

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
For each 2-inch service	\$40.47	\$121.41
For each 3-inch service	79.48	238.44
For each 4-inch service	128.18	384.54
For each 6-inch service	237.75	713.25
For each 8-inch service	406.07	1,218.21
For each 10-inch service	499.50	1,498.50
For each 12-inch service	719.28	2,157.84
For each 16-inch service	1,500.17	4,500.51
For each 20-inch service	2,733.96	8,201.88

2- Hydrant Charge

	<u>Per Month</u>	<u>Per Quarter</u>
For each Hydrant attached between the main and the meter	\$33.87	\$101.61

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-3.

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR15010035 dated September 11, 2015.

RATE SCHEDULE L-4
PRIVATE FIRE PROTECTION SERVICE
(NOT APPLICABLE FOR NEW CUSTOMERS)

APPLICABILITY

Applicable for service furnished exclusively to customers in Service Area 2 existing as of September 1, 1970 for private fire protection facilities installed without meters served by the Company in Princeton, Mercer County, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
Sprinkler connections For each 4-inch service	\$75.87	\$227.61
For each 6-inch service	112.22	336.66

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-3.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

THIS SHEET RESERVED FOR FUTURE USE

Issued: December 18, 2008

Effective: December 8, 2008

By: John Bigelow, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR08010020 dated December 8, 2008.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE L-7
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company, throughout Service Area 3 and Service Area 1A, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

1- <u>Connection Charge</u>			
	<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
	2"	\$19.94	\$59.82
	3"	44.87	134.61
	4"	79.76	239.28
	6"	179.46	538.38
	8"	319.04	957.12
	10"	498.50	1,495.50
	12"	717.84	2,153.52
	16"	1,276.16	3,828.48
2- <u>Hydrant Charge</u>			
	Per hydrant attached between the main and the meter		
		<u>Per Month</u>	<u>Per Quarter</u>
	Per Hydrant	\$10.41	\$31.23

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-3.

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE L-9
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company, throughout Service Area 1B, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

1- <u>Connection Charge</u>		
<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
2"	\$27.51	\$82.53
3"	61.89	185.67
4"	110.03	330.09
6"	247.64	742.92
8"	440.12	1,320.36
10"	687.69	2,063.07
12"	990.28	2,970.84
16"	1,760.64	5,281.92
2- <u>Hydrant Charge</u>		
<u>Per Hydrant</u>	<u>Per Month</u>	<u>Per Quarter</u>
	\$28.86	\$86.58

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-10.

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

RATE SCHEDULE L-10
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable for service furnished exclusively to private fire protection facilities served by the Company, throughout Service Area 1C, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

RATES

Sprinkler connections with hose or hydrant connected to them:

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
3"	\$150.00	\$450.00
4"	250.00	750.00
6"	500.00	1,500.00
8"	800.00	2,400.00
10"	1,240.00	3,720.00

Sprinkler connections without hose or hydrant connected to them:

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
1"	\$15.45	\$46.53
2"	50.00	150.00
3"	105.00	315.00
4"	175.00	525.00
6"	350.00	1,050.00
8"	560.00	1,680.00
10"	875.00	2,625.00

Hydrant Charge

When hydrants are attached between the main and the meter, a charge of \$55.00 per month, \$660.00 per year per hydrant will be made. In the event no sprinkler service is rendered, then the charge shall be the same as above for each hydrant attached after the meter.

TERMS OF PAYMENT

Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-10.

(continued)

RATE SCHEDULE L-10
PRIVATE FIRE PROTECTION SERVICE
(Continued)

Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

RATE SCHEDULE L-11
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to customers throughout Service Area 1D, formerly served by Applied Wastewater Management, Inc. ("Applied"), for private fire protection service, including fire hydrants located on other than public streets and right-of-ways.

CHARACTER OF SERVICE

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

RATES

1- Connection Charge

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
For each 2-inch service	\$19.94	\$59.82
For each 3-inch service	44.87	134.61
For each 4-inch service	79.76	239.28
For each 6-inch service	179.46	538.38
For each 8-inch service	319.04	957.12

2- Hydrant Charge

	<u>Per Month</u>	<u>Per Quarter</u>
For each private fire hydrant (any fire hydrant not located in public streets and right-of-ways) not attached to a sprinkler service line.	\$25.34	\$76.02

TERM

Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed service charges shall be prorated to the date of establishment or discontinuance of service.

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. Any water usage for other purposes will be computed under the General Metered Service Rate Schedule A-5.

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55:13B-1, et seq.) and regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 514 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

CONDITIONS

Subject to "Standard Terms and Conditions".

THIS SHEET RESERVED FOR FUTURE USE

Issued: March 30, 2007

Effective: March 30, 2007

By: Walter Lynch, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR06030257 dated April 2, 2007

RATE SCHEDULE M-1
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company throughout Service Areas 1 and 1E, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

	<u>Per Month</u>	<u>Per Quarter</u>
Per Hydrant	\$45.10	\$135.30

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-2
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company in Service Area 1 in the Townships of Logan and Woolwich, Gloucester County in the area formerly served by Logan Wells Water Company as well as in Ortley Beach and the Pelican Island System in Toms River Township, Ocean County.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

Customers shall pay a fire hydrant charge for each fire hydrant as set forth on Rate Schedule M-1, then, adjusted for the following:

	Rate Adjustment Per Month	Effective Date	Expiration Date
All Hydrant Sizes	\$(10.23)	01/01/15	12/31/15
All Hydrant Sizes	(8.49)	01/01/16	12/31/16
All Hydrant Sizes	(6.66)	01/01/17	12/31/17
All Hydrant Sizes	(4.73)	01/01/18	12/31/18
All Hydrant Sizes	(2.72)	01/01/19	12/31/19

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-3
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company in Service Area 1 in the Townships of Howell and Freehold, Monmouth County in the area formerly served by Adelpia Water Company.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

	<u>Per Month</u>	<u>Per Quarter</u>
Per Hydrant	\$40.63	\$121.89

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

THIS SHEET RESERVED FOR FUTURE USE

Issued: December 18, 2008

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By: John Bigelow, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR08010020 dated December 8, 2008.

RATE SCHEDULE M-5
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company throughout Service Area 2.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

The amount of the bill will reflect the hydrant charge as defined hereafter for each tariff zone located in Service Area 2 as defined in Rate Schedule M-5.

<u>Tariff Zone</u>	<u>Per Month</u>
2A	\$39.41
2C	45.10
2D	46.29
2E	49.75
2F	53.75
2G	58.23
2H	62.50
2I	66.67
2J	70.84
2K	75.00
2L	79.16

TERMS AND PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

TERM

Continuous until water service within municipality is permanently discontinued.

CONDITIONS

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

(Continued)

RATE SCHEDULE M-5
PUBLIC FIRE PROTECTION SERVICE
 (Continued)

The table hereafter defines the different tariff zones for Service Area 2:

Tariff Zone	Municipality
2A	<ul style="list-style-type: none"> • Bedminster Township • Franklin Township
2C	<ul style="list-style-type: none"> • Hillside Township
2D	<ul style="list-style-type: none"> • Union Township
2E	<ul style="list-style-type: none"> • Readington Township
2F	<ul style="list-style-type: none"> • Borough of Bound Brook • Dunellen Borough • Garwood Borough • North Plainfield Borough • Plainfield City • Roselle Borough
2G	<ul style="list-style-type: none"> • Cranford Township • Middlesex Borough • Peapack/Gladstone Borough • Roselle Park Borough • South Bound Brook Borough • South Brunswick Township • Town of Westfield • Warren Township
2H	<ul style="list-style-type: none"> • Branchburg Township • Hillsborough Township • Kenilworth Borough • Somerville Borough • Tewksbury Township • Chester Township • Fanwood Borough • Greenbrook Township • Linden City • Montgomery Township • Raritan Borough
2I	<ul style="list-style-type: none"> • Clark Township • Raritan Township • Scotch Plains Township
2J	<ul style="list-style-type: none"> • Bridgewater Township • Cranbury Township • Manville Borough • Millstone Borough • Mountainside Borough • Piscataway Township • South Plainfield Borough • Watchung Borough
2K	<ul style="list-style-type: none"> • Princeton (f/k/a Princeton Township)
2L	<ul style="list-style-type: none"> • Edison Township • Hopewell Township • Lawrence Township • Plainsboro Township • West Windsor Township

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. WR15010035 dated September 11, 2015.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE M-6
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all municipalities for public fire protection service provided by the Company in Service Area 3.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

The amount of the bill will reflect the hydrant charge as defined hereafter for each tariff zone located in Service Area 3 as defined in Rate Schedule M-6.

<u>Tariff Zone</u>	<u>Per Month</u>
3A	\$23.54
3B	27.94
3C	32.35
3D	36.76
3G	43.36

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

TERM

Continuous until water service within municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-6
PUBLIC FIRE PROTECTION SERVICE
(Continued)

The table hereafter defines the different tariff zones for Service Area 3:

Tariff Zone	Municipality
3A	<ul style="list-style-type: none">• Mansfield (Columbus) Township• Springfield Township
3B	<ul style="list-style-type: none">• Plumsted Township
3C	<ul style="list-style-type: none">• Mansfield -Homestead• Southampton Township
3D	<ul style="list-style-type: none">• Mount Holly Township
3G	<ul style="list-style-type: none">• Eastampton Township• Hainesport Township• Lumberton Township• Medford Township• Westampton Township

RATE SCHEDULE M-7
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company throughout Service Area 1A, except as specifically provided elsewhere in this tariff. Applicable for flat rate fire protection service in the locations where the Company has facilities suitable and adequate for the desired service upon request from the proper authorities.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

	<u>Per Month</u>	<u>Per Quarter</u>
Per Hydrant	\$32.06	\$96.18

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-8
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company throughout Service Area 1B, except as specifically provided elsewhere in this tariff. Applicable for flat rate fire protection service in the locations where the Company has facilities suitable and adequate for the desired service upon request from the proper authorities.

CHARACTER OF SERVICE

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

HYDRANT CHARGE

	<u>Per Month</u>	<u>Per Quarter</u>
Per Hydrant	\$25.54	\$76.62

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-9
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to municipalities for public fire protection service provided by the Company throughout Service Area 1C, except as specifically provided elsewhere in this tariff. Applicable for flat rate fire protection service in the locations where the Company has facilities suitable and adequate for the desired service upon request from the proper authorities.

CHARACTER OF SERVICE

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

RATES

The amount of the bill will be the total of the Inch Foot Charge and the Hydrant Charge.

1. INCH FOOT CHARGE

<u>Size of Service</u>	<u>Per Inch Foot of Main per Year</u>
For each 6-inch or greater service	\$0.1078

2. HYDRANT CHARGE

	<u>Per Month</u>	<u>Per Year</u>
Per Hydrant	\$27.50	\$330.00

SPECIAL PROVISIONS:

The number of "inch feet" is computed by multiplying the linear feet by the internal diameter in inches of distribution and transmission mains serving a municipality on December 31st of the previous year. (For Example: 100 feet of 6 inch mains is equivalent to 600 inch feet).

TERMS OF PAYMENT

Valid bills for public fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS

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

RATE SCHEDULE M-10
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to the municipality for all fire hydrants on public streets within Service Area 1D, formerly served by Applied Wastewater Management, Inc. ("Applied"),.

CHARACTER OF SERVICE

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

RATE

Hydrant Charge - \$21.01 per month (or \$63.03 per quarter) for each fire hydrant installed by the Company.

TERM

Continuous until water service to the municipality is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed service charges shall be prorated to the date of establishment or discontinuance of service.

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance. The 10 days shall begin on the postmark date of the notice. N.J.A.C. 14:3-3A.3.

CONDITIONS

Subject to "Standard Terms and Conditions".

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

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

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.04540	\$0.4540
Exempt	All	All	\$0.03915	\$0.3915
	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non -Exempt	All	All	\$0.033959	\$0.33959
Exempt	All	All	\$0.029284	\$0.29284

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

FILING

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

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

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

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

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

(Continued)

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

PROVISIONS

Interest shall be passed onto customers through the PWAC rates at the beginning of each PWAC Year succeeding any PWAC year in which any monthly purchased water costs over recovery has taken place. Any debit or credit balance in the separate deferred net revenue or separate cost of purchased water accounts shall be determined monthly. Monthly interest shall be calculated on the average of the current and prior month's ending cumulative deferred revenue or cost of purchased water balances. Interest on such water costs shall be calculated utilizing the rate of return on rate base utilized to set rates in the Company's last preceding base rate case, and shall be changed from time to time, consistent with N.J.A.C. 14:9-7.1, et seq.

The clause shall be subject to deferred accounting, consistent with N.J.A.C. 14:9-7.1, et seq.

TERMS OF PAYMENT

See Rate Schedules for applicable customer classes.

CONDITIONS

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

RATE SCHEDULE P-1
MISCELLANEOUS SERVICE

APPLICABILITY

Applicable throughout the entire area served by the Company for Miscellaneous Municipal Service, General Building Construction and Trucked Bulk Water Sales.

CHARACTER OF SERVICE

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

RATES

(a) Miscellaneous Municipal Service: Each customer shall pay for all water used for street sprinkling, street or sewer flushing, swimming pools or other miscellaneous uses at the General Metered Service Rate Schedules A-1 through A-15 of this tariff as applicable. Water consumption will be determined by metering or by such other method as may be mutually agreed upon by the customer and the Company. Fire hydrants are not to be used for this service without the express consent of the Company in each circumstance where this service is required. No person, other than municipal fire and Company personnel is permitted to operate or take water from any public fire hydrant for street sprinkling, flushing sewers, storm water drains, or any purpose unless authorized by the Company and the fire chief of the municipality in writing and upon the terms and conditions set forth by the fire chief and the Company therein.

(b) Water For Building Construction: Where water service is temporarily furnished for building construction and/or any other temporary use, it shall, wherever practical, be supplied through a meter at the General Metered Service Rate Schedules A-1 through A-15 of this tariff as applicable. Should a new service be required to provide this temporary use, the customer shall pay the cost to install and remove the service. No person, other than municipal fire and Company personnel, is permitted to operate or take water from any public fire hydrant for building construction or any purpose unless authorized by the Company and the fire chief of the municipality in writing and upon the terms and conditions set forth by the fire chief and the Company therein.

(c) Bulk Water Sales for water transfers using Trucks and Tanks: Water sales to customers or entities using trucks or tanks to receive water service from the Company that require additional attention may affect the Company's daily operations. A surcharge in the amount of \$50 may be applied for each such request in addition to the water charge as set forth in the applicable Rate Schedule A-1 through A-15 of this tariff. If at any time the Company determines that a customer or entity has taken water without permission or proper compensation to the Company under this provision, the Company reserves the right to refuse to sell water to the customer or entity hereunder.

TERMS OF PAYMENT

All charges rendered under this Rate Schedule are in arrears for metered service and in advance for un-metered service. At the option of the Company, a deposit may be required for metered service billed in arrears, in accordance with N.J.A.C. 14:3-3.4, et seq. The Company may not require a deposit for un-metered service billed in advance in accordance with N.J.A.C. 14:3-3.4(i). Bills are due fifteen (15) days from the date of the postmark on the envelope in which the bill is transmitted.

TERM

Continuous until water service to the customer is permanently discontinued.

CONDITIONS

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

SPECIAL PROVISIONS

Where metered service is provided through a hydrant meter, a deposit equal to the cost of the hydrant meter may be required by the Company. The meter shall be kept safe and accessible during its use. The deposit, less the cost of repairs to the meter, if any, will be returned to the applicant by the Company after surrender of the meter and payment of all charges for water supplied through it.

RATE SCHEDULE P-2
MISCELLANEOUS SERVICE –
CHARGES NOT INVOLVING THE USE OF WATER

APPLICABILITY

Applicable to all classes of customers unless specified for the following classes of miscellaneous services throughout the entire area served by the Company.

CHARACTER OF SERVICE

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

RECONNECTIONS AND RECONNECTION CHARGE

1. Resumption of service rates due to: discontinuance of service as a result of non-payment of bills; violation of the Company's tariff rules; the voluntary request of the customer when the meter has not been removed (e.g. seasonal requests) or for customer's convenience, are set forth as follows.

Conditions	Rate
Normal working hours For the purpose of requests for reconnection services under this section, normal working hours are as follows: Monday through Friday* 8 AM to 6 PM Saturday* 8 AM to 2 PM *Except for the following holidays: New Year's Day, President's Day, Veteran's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day.	\$28.00
Emergency call out Requests for reconnection services for all days and times outside of normal working hours as listed above, plus all holidays as listed above. NOTE: this service is not available to customers whose service was disconnected for non-payment or for tariff violations.	\$100.00
Special Restoration Of Service Charge Restoration of service following discontinuance for failure to comply with governmental ordered or directed use restrictions or failure to comply with the standard terms and conditions contained in this tariff.	\$100.00

2. Resumption of service when a customer's service has been reconnected without the permission of the Company after service has been terminated by the Company for non-payment of bills or violation of the Company's tariff. The Company will terminate the customer's service for a second time, and seek criminal prosecution under N.J.S.A. 2C:20-8c as well as civil damages. The Company shall give written notice to the customer that if service is reconnected again without the permission of the Company, it will be necessary for the Company to excavate and physically disconnect service and that a reconnection charge of \$500, or the actual cost incurred by the Company to excavate and physically disconnect and reconnect the service, whichever is more, will be made.

(Continued)

RATE SCHEDULE P-2
MISCELLANEOUS SERVICE –
CHARGES NOT INVOLVING THE USE OF WATER
(Continued)

3. Requirement for Customer to be Present for Reconnection. Customers must be present on the premises when the Company reconnects a discontinued water service to said premises. Notwithstanding the foregoing, if the customer is not present but has given consent to the Company to reconnect the water service in his, her or its absence, the Company may reconnect the water service. In such case, the customer is solely responsible for any damage incurred by the customer and/or to the customer's premises due to an approved reconnection of service when the customer is not present at the time of said reconnection, provided that the customer will not be responsible for damage due to the sole negligence of the Company.

CROSS CONNECTION INSPECTION CHARGE

A charge of \$75.00 will be imposed by the Company for an inspection of each cross connection device installed between an unapproved source of supply and the Company's water supply, subject to the availability of Company resources. The customer must provide proof of inspection.

METER TESTING AND REPLACEMENT CHARGE

1. Customer Request for Additional Meter Testing. If a customer requests that the Company test a meter during any twelve (12) month period in which the Company has already provided one free meter test per N.J.A.C. 14:3-4.5, or if the meter first referred to has been in use less than two years, and the meter is found to be accurate, the Company may charge the customer a fee for removing the meter and a fee for testing the meter as follows:

Schedule for removing and replacing a meter

Meter Size	Rate
Meters up to and including 2" in diameter	\$37.00
Meters larger than 2" in diameter	Actual cost

These charges will not exceed the replacement cost of the meter.

Schedule for testing the meter

Meter Size	Rate
All meters from 5/8 inches up to 1 inch	\$50.00
All meters from 1 1/2 inches up to 3 inches	\$75.00
All meters from 4 inches up to 10 inches	\$100.00
All a meters from 12 inches and larger	\$125.00

2. Removing, Repairing and Replacing Meters damaged due to negligence of the customer. The Company may impose a charge on any customer who causes damage to a meter as follows:

- (a) Repair Only: Actual cost of materials used to repair the meter, and the actual cost of labor required to repair and reinstall the meter.
- (b) Meter Replacement for Non-repairable Meters: Actual cost of a new meter, materials used to replace the meter, and the actual cost to install the meter, including the cost of labor required to install the meter.

(Continued)

RATE SCHEDULE P-2
MISCELLANEOUS SERVICE –
CHARGES NOT INVOLVING THE USE OF WATER
(Continued)

BAD CHECK CHARGE

If the Company receives 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 the customer a handling charge per instrument of \$15.00.

If a bad check charge is applied to a customer account, that amount, as well as the amount of the dishonored check shall be paid with cash, certified check, money order, bank check, or other means of guaranteed payment before such account shall be deemed paid. Additionally, if a customer presents two checks that are dishonored by the bank as a result of the customer's error, the customer will be required to pay by the methods stated above for a period of twelve months from the date of the last dishonored check.

The provisions of this tariff section shall not be deemed to require a customer to submit to automatic deduction from any bank account, credit card, or by on-line banking but the Company may offer same as an option provided the customer is presented with all other available options offered by the Company.

UNAUTHORIZED USE OF COMPANY FACILITIES

There will be a minimum charge of \$500.00 for unauthorized use of Company facilities plus costs for repair of any damages to Company property resulting therefrom.

TERMS OF PAYMENT

Valid bills furnished under this schedule are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

TERM

Continuous until water service to the customer is permanently discontinued.

CONDITIONS

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

SPECIAL PROVISIONS

The Company may waive the fees and charges referenced in this Rate Schedule P-2 for a customer who is enrolled in the Company's H2O Help to Others Assistance Program or the H2O Help to Others Discount Program, provided that the customer is not deemed to have been abusing and/or taking advantage of the system, including but not limited to repeatedly requiring service reconnections more than three (3) times in any twelve (12) month period.

RATE SCHEDULE P-3
MULTI-USE SERVICE LINE

APPLICABILITY

The Company will provide an option to customers, upon request and where applicable, to use a “multi-use” service line per N.J.A.C. 14:9-8.3 et seq.

“Multi-use service” means water service that is supplied to a structure through one water line extending from the water main to the structure, and which is used inside the structure for both domestic water service and fire suppression service.

Terms and Conditions not defined specifically below for Multi-Use services shall be the same as those under the STANDARD TERMS AND CONDITIONS.

RATES

Rates applicable to multi-use service are those found in the Company’s tariff Rate Schedules A-1 to A-15 as applicable.

TERMS OF PAYMENT

A water utility may terminate a customer’s multi-use service for non-payment of a valid water bill for multi-use service, in accordance with the Board’s rules governing discontinuance of such service at N.J.A.C. 14:3-3A.4(j) and N.J.A.C. 14:9-8.3.

CONDITIONS

By applying for multi-use service, the customer or builder certifies that:

1. The customer or builder has hydraulically calculated the demand for the customer’s or builder’s water system, based on the simultaneous domestic and fire sprinkler demand. The customer or builder shall make this calculation in accordance with the Uniform Construction Code and any other applicable state or local codes; and
2. The customer or builder will ensure that the system is installed in accordance with the Uniform Construction Code at N.J.A.C. 5:23; and
3. The customer will, prior to installation of the meter, obtain and provide the Company with a copy of a valid construction permit in accordance with the Uniform Construction Code from the enforcing agency having jurisdiction over the system.

GENERAL TERMS AND CONDITIONS

- 1- By applying for multi-use service, the customer agrees to be responsible for all claims, costs and liability for personal injury, death and/or property damage, resulting from the customer’s individual water system, and agrees that the Company shall not be so liable unless caused by the negligence of the water utility. (N.J.A.C. 14:9-8.3(d))
- 2- All multi-use service lines shall be metered and the meter shall be located in a meter pit or vault located outside of the Customer’s structure. The meter pit or vault shall be installed at a location acceptable to the express, advance approval of the Water Company, and otherwise shall comply with the Company’s standard terms and conditions.
- 3- If a customer requests a change in meter size associated with a multi-service meter, the customer must re-apply for service and re-certify each item addressed in this Rate Schedule.

(Continued)

RATE SCHEDULE P-3
MULTI-USE SERVICE LINE
(Continued)

PROVISION OF SERVICES

By applying for multi-use service, and operating the same, the customer agrees:

1. To include a backflow prevention device(s) as defined at N.J.A.C. 7:10-1.3, and as specified at N.J.A.C. 7:10-10.3;
2. To be solely responsible for all costs and expenses relating to the installation, operation, maintenance, repair and replacement of the customer's water system, including the fire suppression system and backflow prevention device(s);
3. To ensure that the customer's water system complies with the applicable requirements of the Uniform Construction Code in effect at the time of system installation, including any applicable building, plumbing and fire protection sub-codes; and
4. To ensure that the customer's water system is maintained in accordance with all applicable law so as to protect against backflow, back-siphonage and contamination of the potable water system.

THIS SHEET RESERVED FOR FUTURE USE

Issued: March 30, 2007

Effective: March 30, 2007

By: Walter Lynch, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR06030257 dated April 2, 2007.

THIS SHEET RESERVED FOR FUTURE USE

Issued: March 30, 2007

Effective: March 30, 2007

By: Walter Lynch, President
131 Woodcrest Road, Cherry Hill, New Jersey 08003
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR06030257 dated April 2, 2007.

STANDARD TERMS AND CONDITIONS
WASTEWATER

APPLICABILITY

Applicable to all wastewater service customers served by the Company.

New Jersey-American Water Company hereby adopts the regulations for wastewater utilities promulgated by the Board of Public Utilities of the State of New Jersey, which regulations are incorporated herein by reference. New Jersey-American Water provides water and wastewater service to various municipalities, all in the State of New Jersey.

The Corporate Office is located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043.

The Company's Customer Service personnel can be reached at 1-800-652-6987.

DEFINITIONS

The following are definitions of specific terms that used hereafter in the tariff. Additional definitions are set forth in the Definitions section of the tariff for water and wastewater service.

- 1- "New Account" as herein used shall be defined as an account opened as the result of the construction of a new building.
- 2- "Building Drain" shall mean that part of the lowest horizontal piping of a drainage system which receives the discharge from drainage pipes inside the walls of the building terminating five (5) feet outside the face of the building wall from whence it becomes known as the building sewer.
- 3- "Building Sewer" shall mean the extension from the building drain to service lateral line and/or other point of connection to the Company wastewater collection system.
- 4- "Biochemical Oxygen Demand", denoted hereinafter as "B.O.D.", shall mean the quantity of oxygen utilized (demanded) in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days when incubated at 20°C.
- 5- "Suspended Solids" shall mean solids that either float on the surface of or are carried in suspension in water, sewage or industrial wastes, and which are removable by laboratory filtering.
- 6- "pH" shall mean the logarithm to the base ten of the reciprocal of the weight of hydrogen ions in moles per liter of solution.
- 7- "Garbage" shall mean solid wastes from domestic and commercial preparation, cooking, dispensing or marketing of food or food products and from the handling, storage and sale of produce.
- 8- "Properly Shredded Garbage" shall mean garbage that has been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in the sewerage system with no particle greater than one-half inch (1/2") in any dimension.
- 9- "PSTAC Year" shall mean the twelve-month period beginning each April 1 and ending March 31 of the following calendar year.
- 10- "Slug" shall mean the discharge of water, sewerage, or industrial waste which in concentration of any constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four hour flow or concentration under normal operating conditions.

(Continued)

STANDARD TERMS AND CONDITIONS
WASTEWATER

APPLICATION FOR SERVICE CONNECTION/DISCONTINUANCE OF SERVICE

- 1- Application for wastewater service shall be made to the Company by mail, telephone or via the Company's web site before any new connection shall be installed. Property owners wishing to connect their premises with the wastewater line of the Company shall make application upon forms prescribed by the Company and must agree to the terms, conditions, and rates as set forth in this and subsequent tariffs of the Company.
- 2- In areas where the billing for wastewater service is based on the volume of water supplied to the premise by the Company, the Company will provide wastewater service only where the water used on the premises is measured by a water meter, subject to the limitations described within this paragraph, below. Where wastewater service is provided and water used on the premises is not supplied by the Company, then the water so used shall be measured by a meter furnished and installed by the Company at a location approved by the Company subject to the limitations described within this paragraph, below. Said wastewater charges shall be based on the volume of water supplied to the premises and measured by the water meter, unless the Company determines that, due to such issues as adverse ground conditions or due to other such unforeseen circumstances, or as required by other tariff provisions herein, it is impracticable or imprudent to install a water meter at the customer's premises in order to base wastewater service charges on the volume of water supplied to the premises as measured by said meter. In such situations, wastewater service billing will be based upon a flat rate, or a minimum usage as established by the applicable rate schedule within this tariff. In instances where a customer's water comes from a well, the Company will make a reasonable effort to install a meter on said well for purposes of determining wastewater service based on water consumption. However; should conditions in or around the well cause the meter to malfunction 2 times after installation, the Company has the right to remove the meter and to bill wastewater service on a flat rate, or a minimum usage as established by the applicable rate schedule within this tariff.
- 3- If a wastewater customer wishes to have his service physically disconnected, then written notice as set forth within this tariff is required prior to such disconnection provided, however, that nothing herein shall operate to prevent the Company from discontinuing service at any time under conditions and for reasons set forth in this tariff; and provided further, that nothing herein shall be construed to prevent the making of contracts for extension of service or other special conditions.
- 4- Wastewater service may be discontinued by the Company in accordance with N.J.A.C. 14: 3-3A for any of the following reasons:

For the non-payment of rates and charges, as provided in this and subsequent tariffs of the Company. Should a customer be more than 15 days delinquent in paying the monthly (or quarterly) bill for wastewater service, the Company may discontinue service by giving 10 days written notice of disconnection to the customer and a copy of such notice to the local Board of Health. When a customer is physically disconnected or the service lateral is plugged for non-payment of a bill for wastewater service, the customer will be required to pay, in addition to the delinquent amount, the Company's actual cost of reconnection or \$350.00, whichever is more, before service is restored. See Rate Schedule 9-A.

For the violation of one or more of the standard terms and conditions of service contained in this or subsequent tariffs of the Company. Service may be discontinued by the Company for violation of standard terms and conditions upon 10 days written notice of the existence of such violation. When a customer is physically disconnected or the service lateral is plugged for violation of standard terms and conditions, the customer will be required to pay, in addition to any outstanding or delinquent amount, the Company's actual cost of reconnection or \$350.00, whichever is more, before service is restored. See Rate Schedule 9-A.

Notices herein of discontinuance of service shall be sent by first class mail, apart from the bill and as a separate mailing. (N.J.A.C. 14:3-3A.3(b)2) Customers are advised that it is illegal to operate a dwelling without adequately functioning wastewater facilities, and that the Company is required to notify local health authorities of wastewater service termination.

- 3- Residential service may not be discontinued for non-payment for a period of up to two months if a medical emergency exists within the premises and which would be aggravated by the shut off so long as the customer provides the Company with reasonable proof of his or her inability to pay and a physician's written statement as to the existence of the emergency, its nature and probable duration, and that termination of service will aggravate the medical emergency. This period of non-discontinuance may be extended as set forth in N.J.A.C. 14:3-3A.2(j). Notwithstanding the foregoing, the customer remains liable to the Company for the payment of services rendered, subject to the provisions of N.J.A.C. 14:3-7.6, at the end of the period of medical emergency. N.J.A.C. 14:3-3A.2(i).

(Continued)

STANDARD TERMS AND CONDITIONS
WASTEWATER

FINANCIAL AID

APPLICABILITY

Applicable to all wastewater service customers served by the Company.

- 1- The Company understands that from time to time its customers may have difficulty paying their water and/or wastewater bills issued by the Company. If at any time customers find that they cannot pay their water and/or wastewater bill by the due date, the Company requests that the customers contact the Company's Customer Service Center, prior to the due date, to work out a payment arrangement with the Company to avoid a shut-off of service, at 1-800-652-6987.
- 2- In addition to working out payment arrangements with customers in times of financial difficulty, the Company has also established a residential customer assistance program for its low income customers who are having difficulty paying their water and/or wastewater bills issued by the Company. This residential customer assistance program, called the H2O Help to Others Assistance Program, is designed to provide financial assistance to qualified residential customers to pay their water and/or wastewater bills and protect them from an unnecessary discontinuance of their water and/or wastewater service. A grant from the H2O Help to Others Assistance Program may be awarded to cover a portion or all of the residential customer's outstanding bill based on the customer's ability to pay, income level and the availability of funds in the program. For more information about this program, please contact NJ Shares at 1-877-652-9426 or any subsequent program administrator whose contact information may be found on the Company's web site.
- 3- The Company established a second residential customer assistance program for customers with a total annual income at or below 200% of the Federal Poverty guidelines called the H2O Help to Others Low Income Payment Program ("LIPP") or Discount Program. Through this program, the Company will provide a discount off of the customer's monthly bill. The actual H2O LIPP discount is set equal to the customer's applicable water Fixed Service Charge (not greater than a 1" meter charge). If the customer is also provided wastewater service by the Company, the customer is also eligible for a wastewater service discount equal to the water service discount amount. Residential customers who need help and qualify for the H2O LIPP should call the NJ Shares toll free number at 1-877-652-9426 or any subsequent program administrator whose contact information may be found on the Company's web site. The customer bill reductions provided for under the H2O LIPP are accounted for as revenue reduction adjustments.
- 4- Upon acceptance into the LIPP, qualifying residential customers will be offered the opportunity to enroll in the Company's Conservation Program. Conservation Program offerings are free of charge to residential customers enrolled in the LIPP and can include instructions on performing a home water audit, a retrofit kit for use with certain appliances and fixtures, and a leak repair of fixtures for which the customer is responsible (value up to \$300).

STANDARD TERMS AND CONDITIONS
WASTEWATER

CALCULATION OF WINTER QUARTER CONSUMPTION

APPLICABILITY

Applicable to wastewater service customers served by the Company in Lakewood Township, Tewksbury Township, Service Area 1D, the former Applied Wastewater Management Service Area ("Applied"), Plumsted Township, and in Elk Township, Rate Schedules 2-A, 6-A, 10-A and 12-A, respectively.

SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Monthly Sewer Usage Charges shall be determined based upon winter quarter consumption, but in no case less than 2,000 gallons per month. Winter quarter consumption shall be determined based on an initial water meter reading taken in December of one year with the concluding meter reading taken approximately 90 days thereafter in March of the following year.

The monthly Sewer Usage Charge shall be determined as follows:

Meters read in January, February and March

The Sewer Usage Charge for each respective month shall be determined by multiplying the applicable monthly usage times applicable volumetric charges.

Meters read in April through December

The Sewer Usage Charge for each month April through December shall be based on the Monthly Usage Constant, equal to one-third of the winter quarter consumption, but in no case less than 2,000 gallons per month, multiplied by applicable volumetric charges.

In the case of new customers, the volume of sewer use shall be determined as follows:

1. New Customers in an Existing Dwelling or Premises for Which Actual Full Period Winter Quarter Usage History is Available.

Determination of the monthly use constant shall be based on the last known full period winter quarter usage at that property, but in no case less than 2,000 gallons per month. This monthly use constant will be used for billing purposes until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

2. Existing or New Customers in an Existing or New Dwelling or Premises for Which No Full Period Winter Quarter History has Been Established.

- a. For service established outside of the winter quarter:

Determination of the monthly use constant shall be based on 12,000 gallons per quarter (a monthly usage constant of 4,000 gallons) until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

- b. For service established during the winter quarter:

Determination of the monthly use constant will be based upon the actual usage during the winter quarter with a minimum of 12,000 gallons (a monthly usage constant of 4,000 gallons). This monthly use constant will be used for billing purposes until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

STANDARD TERMS AND CONDITIONS
WASTEWATER

SEWER MAIN EXTENSIONS

APPLICABILITY

Applicable to all wastewater service customers served by the Company.

- 1- The Company will extend wastewater service in accordance with all applicable laws, regulations and orders of the State of New Jersey and Board of Public Utilities including N.J.A.C. 14:3-8, et seq.
- 2- Documentation on how standard sewer main extensions are handled can be found on the Company's website at <http://www.amwater.com/njaw/working-with-us/doing-business-with-us/developers-customer-resources.html>.
- 3- Please also refer to item number 3 in the Application for Service Connection section of the Standard Terms and Conditions on page 76.

SPECIAL REQUIREMENTS RELATING TO WASTEWATER SERVICE

APPLICABILITY

Applicable to wastewater service customers served by the Company in the Borough of Haddonfield, Howell Township, Lakewood Township, and Ocean City.

- 1- Separate and independent wastewater service lines shall be installed for each customer. All building drains and building sewers shall be the responsibility of the customer and shall be installed and maintained by the customer.
- 2- No customer shall discharge or cause to be discharged into the Company's system any storm water, surface water, ground water, roof runoff, sub-surface drainage, foundation or basement sump drainage, uncontaminated cooling water or unpolluted industrial process water.
- 3- No customer shall discharge or cause to be discharged into the Company's system the following described substances, materials, waters, or wastes without the prior written approval of the Company. Such wastes can harm either the sewerage system or treatment process and/or equipment, have an adverse effect upon the receiving stream for the treated sewage, or can otherwise endanger life, limb or property or create a nuisance. In forming the opinions as to whether or not to permit the discharge, the Company will consider the effect upon receiving sewers, as well as the conditions placed upon the Company by its service agreements with the Ocean County Utilities Authority and the Cape May County Municipal Utilities Authority.
- 4- The customer shall be responsible for maintaining and repairing the "building drain" and "building sewer."
- 5- The customer shall be responsible for installing and maintaining a backwater valve in buildings that have fixtures below grade level. In the event of a gray water backup, the Company shall not be liable for any damage or inconvenience resulting from the absence/malfunctioning of this appurtenance.
- 6- The Company reserves the right upon completion of its findings to:
 - a. Reject the wastes.
 - b. Require pretreatment to an acceptable condition for discharge.
 - c. Require flow equalization.
- 7- In the event pretreatment facilities or flow equalization is required, the design and construction of such facilities shall be subject to approval of the Company and operation of said facilities shall be subject to inspection by the Company. Monitoring and/or sampling equipment shall be installed and operated by the customer as deemed necessary by the Company to ascertain proper operation of the pretreatment facilities.

(Continued)

STANDARD TERMS AND CONDITIONS
WASTEWATER

SPECIAL REQUIREMENTS RELATING TO WASTEWATER SERVICE (continued)

- 8- In the event pretreatment facilities or flow equalization is required, the design and construction of such facilities shall be subject to approval of the Company and operation of said facilities shall be subject to inspection by the Company. Monitoring and/or sampling equipment shall be installed and operated by the customer as deemed necessary by the Company to ascertain proper operation of the pretreatment facilities.
- 9- The wastes requiring written approval are:
- a. Any liquid or vapor having a temperature in excess of 150°F.
 - b. Any waters or waste waters containing phenols.
 - c. Any waters or wastes having a pH in excess of 9.5.
 - d. Any water containing unusual concentrations of inert suspended solids, such as, but not limited to, diatomaceous earth, lime and lime slurries or of dissolved solids such as but not limited to sodium chloride or sodium sulfate.
 - e. Any water or waste water containing excessive discoloration.
 - f. Waste water having unusual "B.O.D." concentration, suspended solids concentration or high chlorine demand in such quantities as to constitute a significant load on the treatment plant.
 - g. Unusual volume of flow or concentrations of wastes constituting "slugs" as hereinbefore defined.
 - h. Water or wastes containing substances not amenable to biological treatment processes as defined by a wastewater treatment plant owner or operator such as the Company, the Ocean County Utilities Authority and/or the Cape May County Municipal Utilities Authority.
- 10- No customers shall discharge or cause to be discharged any of the following described waters or wastes to the sewers:
- a. Any gasoline, benzene, naphtha, paints, lacquers, fuel oil or other flammable or explosive liquid, solid or gas which by reason of its nature or quality may cause fire or explosion or which, in any way, may be injurious to personnel or the sewer system.
 - b. Any water or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.
 - c. Any waters or wastes having a pH of lower than 5.5 or having any other corrosive property capable of causing damage or hazard to the sewerage system and/or personnel of the Company.
 - d. Plating mill waste water or other industrial process water containing spent pickle liquor concentrated plating solutions, chromium, zinc and similar toxic heavy metals, cyanides and cleaning solvents.
 - e. Any radioactive material.
 - f. Any water or wastes containing fats, wax, grease, tar, oils or any other substances, whether emulsified or not which may solidify or become viscous at temperatures between 32° and 150°F or which would impair, impede, affect, interfere with, or endanger personnel or the sewer system.
 - g. Any garbage not properly shredded.
 - h. Any solids of such size or characteristic capable of causing obstruction to the flow in sewers, such as, but not limited to, ashes, cinders, sand, mud, straw, metal shavings, glass, rags, feathers, tar, plastic, wood, paunch manure, hair fleshings, offal, entrails, etc.
- 11- Any customer discharging industrial wastes shall provide and maintain a control manhole suitable to facilitate observation, sampling and measurement of the wastes. The Company (and the Ocean County Utilities Authority and Cape May County Municipal Utilities Authority) shall have the right to inspect, sample, measure and analyze waste water as they deem necessary.

(Continued)

STANDARD TERMS AND CONDITIONS
WASTEWATER

SPECIAL REQUIREMENTS RELATING TO WASTEWATER SERVICE (Continued)

APPLICABILITY

Applicable to wastewater service to customers served by the Company in Service Area 1D, the former Applied Wastewater Management Service Area (“Applied”), Plumsted Township, and Tewksbury Township, except as specifically provided elsewhere in this tariff.

1. The within rates are applicable to normal sewerage, as defined by the New Jersey Department of Environmental Protection, namely 250 ppm.5 – day B.O.D. The utility company reserves the right to require pretreatment of the wastewater prior to discharge into sewers in the event that the sewage contains harmful substances such as gasoline, PCBs, oil, explosive liquids, phenols, acids, alkalines, lint, excessive detergents or any other substance as defined by NJDEP. Each customer shall be fully responsible for proper use of the wastewater system and shall therefore not discharge any chemicals or contaminants which are toxic and which may cause damage to the wastewater system’s electrical, mechanical, biological, or physical process components or may harm either the groundwater, soil or atmosphere, as listed on Schedule A on Sheet No. 78C, as it may be periodically updated. Any cost involved in repairs of damage to the Company’s facilities, environmental damages and penalties or fines levied against the utility caused by the introduction by the customer of unacceptable or harmful substances shall be the responsibility of the customer.
2. In accordance with the National Standard Plumbing Code adopted by the Uniform Construction Code of the State of New Jersey, no storm drainage system of a building shall be connected directly or indirectly to the sanitary drainage system. The company adopts the above provision and prohibits the drainage of storm water into its collecting system. Each customer shall be responsible to prevent any surface water or groundwater from entering into the wastewater system and therefore shall not connect or allow to be connected to the system any sump pumps, basement or crawl space drains, roof gutters, downspouts, or floor drains, and shall properly maintain all pipes and clean-outs to assure a watertight connection. Improperly discharging effluent from a non-approved drainage or collection system shall be considered the basis for immediate termination of service pursuant to N.J.A.C.14:3-3A.1 et seq. The Company will provide notice of the termination of service to the extent reasonably possible.
3. Garbage disposal units are not permitted unless specifically authorized by the Company.
4. Each customer shall prevent damage to all system components located on the property being served, including components located within easement area; maintain the grass growth and prevent the growth of trees, shrubs, and ornamentals within the easement areas; maintain and repair pipes connecting the home to the septic tank to prevent clogging and leaking; and to notify the Company of any damage which may occur to system components.
5. Because the wastewater system can only handle a limited quantity of water, each residential customer may discharge no more than the maximum average of 350 gallons per day, or 32,000 gallons per quarter, of wastewater. In order to verify compliance with this provision, each customer must allow a representative of the Company to inspect all plumbing components upon request and to obtain all water meter readings as may be required.
6. Customers may not trespass on Company property or enter any Company facility without a representative of the Company being present.
7. A customer may permanently terminate service by giving notice to the Company, which shall terminate service within five (5) business days of receipt of each notification. Temporary discontinuance of wastewater service is not permitted and each customer shall pay the applicable fixed service charge and minimum monthly charge (i.e., “RATES”), per month or per quarter, as applicable, unless and until such time as a replacement customer commences service at the premise. Customers are advised that it is illegal to operate a dwelling without adequate functioning wastewater facilities, and that the Company is required to notify local health authorities of wastewater service termination.

(continued)

STANDARD TERMS AND CONDITIONS
WASTEWATER

SCHEDULE A

I. MATERIALS NOT TO BE DISPOSED THROUGH SEWER SYSTEM

Grease
Wipes (baby, cleaning, flushable, wet)
Gloves (latex, rubber)
Food scraps
Plastics
Gasoline or motor fuels
Paint and paint thinners
Used motor oils
Petroleum solvents
Pesticides (solids or liquids)
Herbicides (solids or liquids)
Engine coolants (antifreeze)
Acids
Water softener backwash
Photographic development solutions

II. MAXIMUM PERMITTED DISCHARGE CONCENTRATIONS

"Biochemical Oxygen Demand", – 250mg/L
Chemical oxygen demand – 351 mg/L
Total organic carbon – 99 mg/L
Total solids – 1,608 mg/L
Volatile solids – 295 mg/L
Total suspended solids – 75 mg/L
Volatile suspended solids – 62 mg/L
Calcium – 59 mg/L
Magnesium – 33 mg/L
Sodium – 218 mg/L
Chlorine – 218 mg/L
Oil and grease – 22 mg/L
Total dissolved solids – 872 mg/L
Total Kjeldahl nitrogen – 60.7 mg – N/L
Ammonia nitrogen – 53.3 mg – NL
Phosphorus – 6.3 mg – P/L
Turbidity – 45 NTU
Ph – 5-9
Alkaline – 479 mg CaCo3/L
Hardness – 327 mg CaCo3/L
Volatile organics by GC/MS – Non-detectable
Pesticides – Non-detectable
Herbicides – Non-detectable

AREA SERVED - WASTEWATER SERVICE

	<u>County</u>	<u>Municipality</u>	<u>All or Portion</u>	<u>Development/Section</u>	<u>Wastewater System</u>
A)	Burlington	Twp. Of Mansfield	Portion	Mapleton (Mansfield Farms)	Mapleton
B)	Burlington	Twp. Of Mansfield	Portion	Homestead (Country Walk)	Homestead
D)	Burlington	Twp. Of Mansfield	Portion	John Hydock Elementary School	Mapleton
D)	Burlington	Twp. Of Mansfield	Portion	Northern Burlington School	Mapleton
A)	Cape May	Twp. Of Middle	Portion	Avalon Country Club	Avalon Links
*	Cape May	Ocean City	All	N/A	Ocean City/CMCMA
A)	Hunterdon	Borough of Bloomsbury	Portion	Fawn Run	Fawn Run
A)	Hunterdon	Twp. Of Tewksbury	Portion	Crossroads at Oldwick	Crossroads
*	Hunterdon	Twp. Of Tewksbury	Portion	Pottersville	Pottersville
A)	Hunterdon	Twp. Of Union	Portion	Village Square	Village Square
A)	Hunterdon	Twp. Of Clinton	Portion	Brass Castle	Brass Castle
A)	Hunterdon	Twp. Of Union	Portion	Lookout Pointe	Lookout Pointe
A)	Hunterdon	Twp. Of Clinton	Portion	Glen Meadows & Twin Oaks	Glen Meadows
A)	Monmouth	Twp. Of Upper Freehold	Portion	Four Seasons at Upper Freehold	Beacon Hill
D)	Monmouth	Twp. Of Upper Freehold	Portion	Beacon Hill Clubhouse	Beacon Hill
*	Monmouth	Twp. Of Howell	Portion	N/A	Howell/MRRSA/OCUA
A)	Morris	Twp. Of Mount Olive	Portion	Country Oaks	Country Oaks
A)	Morris	Twp. Of Chester	Portion	Four Seasons @ Chester	Four Seasons @ Chester
A)	Morris	Twp. Of Jefferson	Portion	Peaks @ Jefferson	Jefferson Peaks
*	Ocean	Twp. Of Lakewood	Portion	N/A	Lakewood/OCUA
**	Ocean	Twp. Of Plumsted	Portion	Jensen's Deep Run	Jensen's
A)	Warren	Twp. Of Washington	Portion	Hawk Pointe	Hawk Pointe
A)	Bergen	Twp. Of Oakland	Portion	Ramapo River Reserve	Ramapo River Reserve
A)	Somerset	Twp. Of Hillsborough	Portion	Hillsborough Chase	Hillsborough Chase
A)	Morris	Twp. Of Mount Olive	Portion	Morris Chase	Morris Chase
**	Camden	Borough of Haddonfield	All	N/A	Haddonfield/CCMUA
**	Gloucester	Twp. Of Elk	All	N/A	Elk Township

KEY:

- A) Community On-Site Water and/or Wastewater System (COWS) (formerly served by Applied)
- B) Homestead (formerly served by Applied)
- C) Reserved
- D) Other Contracts (formerly served by Applied)
- * Wastewater systems served by the Company prior to the merger of Applied Wastewater Management, Inc. ("Applied") into the Company on September 1, 2010.
- ** Systems acquired by the Company after January 1, 2011.

TABLE OF CONTENTS
WASTEWATER SERVICE

Rate schedules are applicable for service provided in the entire area served as follows:

<u>Location/Type</u>	<u>Class of Service</u>	<u>Rate Schedule</u>	<u>Sheet No.</u>
Ocean City	General Metered Service	1-A	81
Ocean City	Purchased Sewage Treatment Adjustment (PSTAC)	1-B	82
Lakewood Township	General Metered Service	2-A	84
Lakewood Township	Purchased Sewage Treatment Adjustment (PSTAC)	2-B	86
Howell Township (Adelphia)	General Metered Service	3-A	88
Howell Township (Adelphia)	Purchased Sewage Treatment Adjustment (PSTAC)	3-B	89
Tewksbury Township (Pottersville), COWS (A) and Homestead (B) (former Applied service area)	General Flat Rate Service	5-A	92
Other Contracts (D) (former Applied service area)	Contracts	8-A	92C
Miscellaneous	Charges not involving Sewers	9-A	93
Plumsted Township (Jensen's Deep Run)	General Flat Rate Service	10-A	94
Haddonfield Borough	General Metered Service	11-A	95
Elk Township	General Metered Service	12-A	96

RATE SCHEDULE 1-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The charge for wastewater service shall consist of the total of the Minimum Service Charge, the Sewer Usage Charge and the Purchased Wastewater Treatment Adjustment Clause (PSTAC) Charge, as defined under the Standard Terms and Conditions in this tariff. The PSTAC charge is included within the Minimum Service Charge rates reflected below.

CHARACTER OF SERVICE

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

MINIMUM SERVICE CHARGE

All wastewater service customers shall pay a Minimum Service Charge in addition to the Sewer Usage Charge, if any, of \$26.42867 times the number of CCF (hundred cubic feet) or \$35.3324 times the number of thousand gallons of water usage at that property during the prior summer quarter, but in no case less than \$264.29 for non-exempt customers. Exempt charges are \$25.28520 per CCF or \$33.8037 per thousand gallons, but in no case less than \$252.85. Included within the Minimum Service Charges are \$18.12303 per CCF or \$24.2286 per thousand gallons for the PSTAC. On a percentage basis, the PSTAC represents 68.573% (\$24.2286 / \$35.3324) non-exempt or 71.674% (\$24.2286 / \$33.8037) exempt, of the Minimum Service Charge. Summer quarter consumption shall be determined based on an initial meter reading taken in June with the concluding meter reading taken approximately 90 days thereafter in September.

SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Charges shall be based on water consumption as indicated by water meter readings on a monthly or quarterly basis at the option of the Company.

	<u>Gallons</u> <u>Per Month</u>	<u>Gallons</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 100 Gallons</u>	<u>Rate</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.18698	\$1.8698
Exempt	All	All	\$0.16124	\$1.6124

	<u>Cubic Feet</u> <u>Per Month</u>	<u>Cubic Feet</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 10 Cubic Feet</u>	<u>Rate</u> <u>Per 100 Cubic Feet</u>
Non -Exempt	All	All	\$0.139861	\$1.39861
Exempt	All	All	\$0.120608	\$1.20608

TERMS OF PAYMENT

The following plan for payment of the Minimum Service Charge is offered as a convenience to our customers and does not relieve the customer of the liability to pay the entire Minimum Service Charge if wastewater service is rendered for only a portion of the year.

For monthly billed customers, one-twelfth of the Minimum Service Charge shall be due and payable upon receipt of the regular bill for wastewater service. For quarterly billed customers, one-third of the Minimum Service Charge shall be due and payable upon receipt of the March billing, the June billing and the September billing for wastewater service.

If the Company determines by application of the following criteria that the customer's past record of payments does not warrant application of this payment plan, the Company may require payment of the entire service charge at one time rather than in installments.

1. If a customer has been terminated at least once in the past two years for non-payment of a bill for wastewater service; or,
2. If a customer receives three (3) Final Reminder Notices during a twelve month period.

In addition, in the case of a reactivated account, the customer will be required to pay any installment(s) which would have been billed if the account had been active as of January 1. A new account will be required to pay a pro-rata share of the Minimum Service Charge based on the period of service to be rendered during that year.

Usage charges based upon meter readings shall be billed in monthly in arrears (or quarterly at the option of the Company).

Valid bills for service furnished under this schedule are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Issued: March 30, 2017

Effective: April 1, 2017

By: Robert G. MacLean, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. WR16111065 dated March 24, 2017.

RATE SCHEDULE 1-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs. The PSTAC charges detailed below are included on Rate Schedule 1-A within the Minimum Service Charges and are provided herein only for informational purposes. The customer will not be separately invoiced for the PSTAC charge.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

The following are the PSTAC charges per one hundred gallons, per one thousand gallons, per 10 cubic feet, and per 100 cubic feet that are included within the Minimum Service Charge rates as set forth in Wastewater-Rate Schedule 1-A to recover purchased wastewater treatment and disposal costs.

Non Exempt and Exempt	<u>Gallons</u> <u>Per Month</u> All	<u>Gallons</u> <u>Per Quarter</u> All	<u>Rate</u> <u>Per 100 Gallons</u> \$2.42286	<u>Rate</u> <u>Per 1000 Gallons</u> \$24.2286
Non Exempt and Exempt	<u>Cubic Feet</u> <u>Per Month</u> All	<u>Cubic Feet</u> <u>Per Quarter</u> All	<u>Rate</u> <u>Per 10 Cubic Feet</u> \$1.812303	<u>Rate</u> <u>Per 100 Cubic Feet</u> \$18.12303

FILING

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

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

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

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

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

TERMS OF PAYMENT

See Rate Schedule 1-A for applicable customer classes.

(Continued)

RATE SCHEDULE 1-B
PURCHASED SEWAGE TREATMENT ADJUSTMENT CLAUSE (PSTAC)
(Continued)

PROVISIONS

Interest shall be passed onto customers through the PSTAC rates at the beginning of each PSTAC Year succeeding any PSTAC year in which any net monthly purchased sewage treatment and disposal costs over recovery has taken place. Any debit or credit balance in the separate deferred revenue or separate cost of sewage treatment accounts shall be determined monthly. Monthly interest shall be calculated on the average of the current and prior month's ending cumulative deferred revenue or cost of sewage treatment balances. Interest on such sewage treatment costs shall be calculated utilizing the rate of return on rate base utilized to set rates in the Company's last preceding base rate case, and shall be changed from time to time, consistent with N.J.A.C. 14:9-7, et seq.

The clause shall be subject to deferred accounting, consistent with N.J.A.C. 14:9-7, et seq.

TERM

Continuous until wastewater service to the customer is permanently discontinued.

CONDITIONS

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

RATE SCHEDULE 2-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in Lakewood Township. The charge for wastewater service shall consist of the total of the Fixed Service Charge, the Sewer Usage Charge and the Purchased Sewage Treatment Adjustment Clause (PSTAC) Charge.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All wastewater service customers shall pay a Fixed Service Charge in addition to the Sewer Usage Charge, if any, as follows:

	<u>Non-Exempt</u>	<u>Exempt</u>
Fixed Service Charge per customer per month.	\$15.06	\$12.99

SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. See Standard Terms and Conditions – Wastewater, Sheet No. 76.2, for an explanation of how Monthly Sewer Usage Charges are calculated.

Volumetric Charges

	<u>Gallons</u>	<u>Gallons</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 100 Gallons</u>	<u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.34102	\$3.4102
Exempt	All	All	\$0.29407	\$2.9407
	<u>Cubic Feet</u>	<u>Cubic Feet</u>	<u>Rate</u>	<u>Rate</u>
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per 10 Cubic Feet</u>	<u>Per 100 Cubic Feet</u>
Non -Exempt	All	All	\$0.255083	\$2.55083
Exempt	All	All	\$0.219964	\$2.19964

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE 2-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in Lakewood Township. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 2-A of the current Tariff:

Non Exempt and Exempt	<u>Gallons Per Month</u> All	<u>Gallons Per Quarter</u> All	<u>Rate Per 100 Gallons</u> \$ 0.44859	<u>Rate Per 1,000 Gallons</u> \$4.4859
Non Exempt and Exempt	<u>Cubic Feet Per Month</u> All	<u>Cubic Feet Per Quarter</u> All	<u>Rate Per 10 Cubic Feet</u> \$0.335549	<u>Rate Per 100 Cubic Feet</u> \$3.35549

FILING

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

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

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

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

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

(Continued)

RATE SCHEDULE 2-B
PURCHASED SEWAGE TREATMENT ADJUSTMENT CLAUSE (PSTAC)
(Continued)

PROVISIONS

Interest shall be passed onto customers through the PSTAC rates at the beginning of each PSTAC Year succeeding any PSTAC year in which any net monthly purchased sewage treatment and disposal costs over recovery has taken place. Any debit or credit balance in the separate deferred revenue or separate cost of sewage treatment accounts shall be determined monthly. Monthly interest shall be calculated on the average of the current and prior month's ending cumulative deferred revenue or cost of sewage treatment balances. Interest on such sewage treatment costs shall be calculated utilizing the rate of return on rate base utilized to set rates in the Company's last preceding base rate case, and shall be changed from time to time, consistent with N.J.A.C., 14:9-7, et seq.

The clause shall be subject to deferred accounting, consistent with N.J.A.C. 14:9-7, et seq.

TERMS OF PAYMENT

See Rate Schedules for applicable customer classes.

TERM

Continuous until wastewater service to the customer is permanently discontinued.

CONDITIONS

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

RATE SCHEDULE 3-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service provided by the Company's Adelpia System (service area of the former Adelpia Sewer Company) in the Township of Howell in Monmouth County. The charge for wastewater service shall consist of the total of the Fixed Service Charge, the Sewer Usage Charge and the Purchased Sewage Treatment Adjustment Clause (PSTAC) Charge.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All wastewater service customers shall pay a fixed service charge based on the size of each water meter installed. Customers with multiple meters shall be charged for each meter at the indicated rate. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

Size of Meter	Non-Exempt		Exempt	
	Per Month	Per Quarter	Per Month	Per Quarter
5/8"	\$5.69	\$17.07	\$4.91	\$14.73
3/4"	8.54	25.62	7.36	22.08
1"	14.23	42.69	12.27	36.81
1 1/2"	28.45	85.35	24.53	73.59
2"	45.52	136.56	39.25	117.75
3"	85.35	256.05	73.60	220.80
4"	142.25	426.75	122.67	368.01
6"	284.50	853.50	245.33	735.99
8"	455.20	1,365.60	392.53	1,177.59
10"	569.00	1,707.00	490.66	1,471.98
12"	711.25	2,133.75	613.33	1,839.99

SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Charges shall be based on water consumption as indicated by water meter readings on a monthly basis (or quarterly, at the option of the Company). Where wastewater service is provided and water used on the premise is not supplied or metered by the Company, then a monthly usage constant of 4,000 gallons will be used for billing purposes.

	Gallons	Gallons	Rate	Rate
	Per Month	Per Quarter	Per 100 Gallons	Per 1,000 Gallons
Non-Exempt	All	All	\$0.55060	\$5.5060
Exempt	All	All	\$0.47480	\$4.7480

TERMS OF PAYMENT

Valid bills for wastewater service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

RATE SCHEDULE 3-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service customers provided service by the Company's Adelpia System (service area of the former Adelpia Sewer Company) in the Township of Howell in Monmouth County. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 3-A of the current Tariff:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	All	\$0.65669	\$6.5669

FILING

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

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

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

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

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

(Continued)

RATE SCHEDULE 3-B
PURCHASED SEWAGE TREATMENT ADJUSTMENT CLAUSE (PSTAC)
(Continued)

PROVISIONS

Interest shall be passed onto customers through the PSTAC rates at the beginning of each PSTAC Year succeeding any PSTAC year in which any net monthly purchased sewage treatment and disposal costs over recovery has taken place. Any debit or credit balance in the separate deferred revenue or separate cost of sewage treatment accounts shall be determined monthly. Monthly interest shall be calculated on the average of the current and prior month's ending cumulative deferred revenue or cost of sewage treatment balances. Interest on such sewage treatment costs shall be calculated utilizing the rate of return on rate base utilized to set rates in the Company's last preceding base rate case, and shall be changed from time to time, consistent with N.J.A.C. 14:9-7 et seq.

The clause shall be subject to deferred accounting, consistent with N.J.A.C. 14:9-7, et seq.

TERMS OF PAYMENT

See Rate Schedules for applicable customer classes.

TERM

Continuous until wastewater service to the customer is permanently discontinued.

CONDITIONS

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

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE 5-A
GENERAL FLAT RATE SERVICE

APPLICABILITY FOR GENERAL FLAT RATE WASTEWATER SERVICE CUSTOMERS

Applicable to all general flat rate wastewater service customers located in the Company's Tewksbury System (Pottersville - service area of the former Valley Road Sewerage Company) in the Township of Tewksbury in Hunterdon County, and Service Areas noted as (A) and (B), formerly served by Applied Wastewater Management, Inc. ("Applied"), on Sheet No. 79 (COWS) who are not water service customers of NJAWC. The Class A/Class B designations in effect at the time rates were set by the Board in Docket. No. WR11070460 (May 1, 2012) shall remain in effect unless changed by order of the Board. No new Class A designations shall be made except at the discretion of the Company. The Company's charge for wastewater service shall consist of the total of a Flat Rate Service Charge.

FLAT RATE SERVICE CHARGE – GENERAL FLAT RATE WASTEWATER CUSTOMERS

All wastewater service customers shall pay a flat rate service charge as indicated below.

	<u>RATE PER MONTH</u>	<u>RATE PER QUARTER</u>
<u>CLASS A</u>	\$81.20	\$243.60
<u>CLASS B</u>	98.80	296.40

CHARACTER OF FLAT RATE SERVICE

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

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE 6-A
GENERAL METERED SERVICE

APPLICABILITY FOR GENERAL METERED WASTEWATER SERVICE CUSTOMERS

Applicable to all general metered wastewater service customers located in the Company's Tewksbury System (Pottersville - service area of the former Valley Road Sewerage Company) in the Township of Tewksbury in Hunterdon County, and Service Areas noted as (A) and (B), formerly served by Applied Wastewater Management, Inc. ("Applied"), on Sheet No. 79 (COWS and Homestead) who receive volume based water service billings from NJAWC. The Company's charge for wastewater service shall consist of the total of the Fixed Service Charge and a Sewer Usage Charge.

FIXED SERVICE CHARGE – GENERAL METERED WASTEWATER CUSTOMERS

All wastewater service customers shall pay a fixed service charge as indicated below, in addition to the Sewer Usage Charge, if any.

	<u>RATE PER MONTH</u>	<u>RATE PER QUARTER</u>
Non-Exempt	\$46.00	\$138.00

SEWER USAGE CHARGE – GENERAL METERED WASTEWATER CUSTOMERS

The volume of wastewater use is assumed to equal water meter registration. See Standard Terms and Conditions – Wastewater, Sheet No. 76.2, for an explanation of how Monthly Sewer Usage Charges are calculated.

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.88000	\$8.8000
	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.658240	\$6.58240

CHARACTER OF SERVICE

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

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

THIS SHEET RESERVED FOR FUTURE USE

RATE SCHEDULE 8-A
OTHER CONTRACTS

APPLICABILITY

Applicable to wastewater service customers located in the Service Areas noted as (D), formerly served by Applied Wastewater Management, Inc. ("Applied"), on Sheet No. 79 (Other Contracts).

CHARACTER OF SERVICE

Continuous (unmetered).

RATES

<u>CLASS</u>	<u>RATE PER MONTH</u>	<u>RATE PER QUARTER</u>	
Schools	\$99.93	\$299.79	Per Formula*
Other	99.93	299.79	Per Equivalent Dwelling Units**

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered in arrears either monthly or quarterly, at the option of the Company, and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

* Quarterly Charge = $\$299.79 \times (\text{Average Daily Enrollment} \times \text{Student GPD})/300$
Where Student GPD is as follows:
NJDEP projected usage per Elementary School student = 15 GPD
NJDEP projected usage per High School student = 25 GPD

**An equivalent residential customer is based on 235 GPD

RATE SCHEDULE 9-A
MISCELLANEOUS SERVICE CHARGES

APPLICABILITY

Applicable to all classes of customers unless specified for the following classes of miscellaneous services throughout the entire area served by the Company.

CHARACTER OF SERVICE

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

BAD CHECK CHARGE

If the Company receives 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 the customer a handling charge per instrument of \$15.00.

If a bad check charge is applied to a customer account, that amount, as well as the amount of the dishonored check shall be paid with cash, certified check, money order, bank check, or other means of guaranteed payment before such account shall be deemed paid. Additionally, if a customer presents two checks that are dishonored by the bank as a result of the customer's error, the customer will be required to pay by the methods stated above for a period of twelve months from the date of the last dishonored check.

The provisions of this Tariff section shall not be deemed to require a customer to submit to automatic deduction from any bank account, credit card, or by on-line banking but the Company may offer same as an option provided the customer is presented with all other available options offered by the Company.

RESUMPTION OF SERVICE AFTER PHYSICAL DISCONNECTION OR PLUGGING DUE TO NONPAYMENT OF BILLS OR VIOLATION OF THE COMPANY'S RULES

Sewer Service - At any time Greater of \$350.00 or actual cost

CONDITIONS

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

SPECIAL PROVISIONS

The Company may waive the fees and charges referenced in this Rate Schedule 9-A for a customer who is enrolled in the Company's H2O Help to Others Program or the Low Income Payment Program, provided that the customer is not deemed to have been abusing and/or taking advantage of the system, including but not limited to repeatedly requiring service reconnections more than three (3) times in any twelve (12) month period.

RATE SCHEDULE 10-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general flat rate residential, commercial, industrial and municipal wastewater service to customers served by the Company's Jensen's Deep Run System in the Township of Plumsted in Ocean County. The charge for wastewater service shall consist of the total of a Fixed Service Charge and a Sewer Usage Charge.

FIXED SERVICE CHARGE – GENERAL METERED WASTEWATER CUSTOMERS

All wastewater service customers shall pay a fixed service charge as indicated below, in addition to the Sewer Usage Charge, if any.

	<u>RATE PER MONTH</u>	<u>RATE PER QUARTER</u>
Non-Exempt	\$20.00	\$60.00

SEWER USAGE CHARGE – GENERAL METERED WASTEWATER CUSTOMERS

The volume of wastewater use is assumed to equal water meter registration. See Standard Terms and Conditions – Wastewater, Sheet No. 76.2, for an explanation of how Monthly Sewer Usage Charges are calculated.

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.88000	\$8.8000
	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.658240	\$6.58240

CHARACTER OF SERVICE

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

TERMS OF PAYMENT

Valid bills for wastewater service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

RATE SCHEDULE 11-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service to customers served by the Company's Haddonfield Collection System in Camden County. The charge for wastewater service shall consist of a Sewer Usage Charge based on the water consumption at the location for the same billing period.

SEWER USAGE CHARGE – GENERAL METERED WASTEWATER CUSTOMERS

The volume of wastewater use is assumed to equal water meter registration. Charges shall be based upon water consumption as indicated by water meter readings on a monthly basis (or quarterly, at the option of the Company).

<u>Consumption</u> <u>Per Month</u>	<u>Consumption</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 100 Gallons</u>
First 2,700 gallons	First 8,000 gallons	\$0.2690
Next 10,700 gallons	Next 32,000 gallons	0.3390
Over 13,400 gallons	Over 40,000 gallons	0.3770

CHARACTER OF SERVICE

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

TERMS OF PAYMENT

Valid bills for wastewater service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Issued: September 16, 2015

Effective: September 21, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR15010035 dated September 11, 2015.

RATE SCHEDULE 12-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in Elk Township. The charge for wastewater service shall consist of the total of the Fixed Service Charge and the Sewer Usage Charge.

CHARACTER OF SERVICE

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

FIXED SERVICE CHARGE

All wastewater service customers shall pay a Fixed Service Charge in addition to the Sewer Usage Charge, if any, as follows:

Fixed Service Charge per customer per month.	<u>Non-Exempt</u> \$ 15.06
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SEWER USAGE CHARGE

The volume of wastewater use is assumed to equal water meter registration. See Standard Terms and Conditions – Wastewater, Sheet No. 76.2, for an explanation of how Monthly Sewer Usage Charges are calculated.

Volumetric Charges

	<u>Gallons</u> <u>Per Month</u>	<u>Gallons</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 100 Gallons</u>	<u>Rate</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.68546	\$6.8546
	<u>Cubic Feet</u> <u>Per Month</u>	<u>Cubic Feet</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 10 Cubic Feet</u>	<u>Rate</u> <u>Per 100 Cubic Feet</u>
Non -Exempt	All	All	\$0.51272	\$5.1272

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.