



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu](http://www.nj.gov/bpu)**

IN THE MATTER OF THE PETITION OF AQUA ) WATER  
NEW JERSEY, INC. FOR APPROVAL OF A MUNICIPAL )  
CONSENT TO PROVIDE WASTEWATER SERVICE TO )  
PORTIONS OF THE TOWNSHIP OF READINGTON AND ) ORDER  
TO ACQUIRE THE WASTEWATER SYSTEM LOCATED )  
WITHIN THE STANTON RIDGE COMMUNITY AND )  
OTHER REQUIRED APPROVALS ) DOCKET NO. WE07030224

(SERVICE LIST ATTACHED)

BY THE BOARD:

On March 30, 2007, Aqua New Jersey, Inc. ("Aqua NJ" or "Petitioner") filed a petition with the New Jersey Board of Public Utilities (the "Board") requesting approval of a municipal consent adopted by the Township of Readington (the "Township"), Hunterdon County, and other required approvals ("The Petition").

Aqua NJ is a wholly-owned subsidiary of Aqua America, Inc. Aqua America, Inc. is the holding company for water and wastewater utilities that, together with Aqua NJ, serves approximately 2.5 million residents in 13 states. Petitioner is a regulated New Jersey public utility that provides water and/or wastewater service to approximately 44,000 customers in Warren, Hunterdon, Mercer, Burlington, Monmouth, Camden and Gloucester Counties, New Jersey.

On April 2, 2007 the Township adopted Ordinance #09-2007 which granted municipal consent to Aqua NJ for a franchise to provide wastewater service to a development in the Township known as Stanton Ridge, as set forth on the official Franchise Area Map showing the area to be serviced with metes and bounds description ("Stanton Ridge"), and to lay its pipes beneath the streets therein. Stanton Ridge has approximately 155 existing homes, a golf course and clubhouse. Currently, wastewater service is provided via a wastewater system which is owned by the Stanton Ridge Homeowners Association, Inc. (the "Homeowners Association"). Petitioner notes that it will acquire the Stanton Ridge wastewater system assets, and seeks approval of that transaction to the extent deemed necessary by the Board. Petitioner has also requested the Board's approval of an initial tariff to serve Stanton Ridge.

Stanton Ridge is located in Planning Area 3 and has been fully developed. Currently, wastewater service is provided to the community by the Homeowners Association and paid for through an annual dues assessment. The rate for wastewater service is approximately \$980 per year per residence.

On October 12, 2007, the Board held a public hearing on The Petition in Newark, NJ, before the Board's designated hearing officer, Joseph Quirolo, Esq. At the hearing, Petitioner presented two witnesses who offered testimony in support of the application. Also participating at the hearing were representatives of the Division of Rate Counsel ("DRC") and the Board Staff. No members of the public attended the hearing.

The parties to this proceeding executed a stipulation of settlement resolving all matters, and recommending that the Board approve the: municipal consent, asset acquisition and initial tariff.

## STIPULATION

As more fully set forth in the attached Stipulation<sup>1</sup>, the Stipulation provides that:

- 1 The Signatory Parties agree Petitioner has provided information in its filing sufficient to make the statutory findings pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14, and recommend that the Board approve the acquisition of the wastewater assets now used to serve Stanton Ridge. The Signatory Parties note the following:
  - Rates charged for wastewater service will remain unchanged after the asset purchase is completed for a period of at least two years from the effective date of the Company's initial tariff.
  - There are no employees dedicated to operating the wastewater system. Aqua will assign qualified individuals to inspect the Stanton Ridge wastewater system on a daily basis to ensure the system is operating properly.
  - The provision of safe, adequate and proper service will be enhanced as a result of the proposed transaction in that it will make available to residents of Stanton Ridge the operational and capital resources of the Petitioner.
  - The transaction to be consummated pursuant to the Agreement will have no immediate, direct or measurable impact on competition as Petitioner will serve the residents of Stanton Ridge under the same market conditions that currently exist, and Aqua will continue to be subject to the jurisdiction of the Board. (Stipulation Paragraphs 1 &2).
2. The Signatory Parties to this Stipulation further stipulate and agree that Ordinance No. 09-2007 granting the franchise to provide wastewater service to Stanton Ridge to Petitioner should be approved by the Board. (Stipulation Paragraph 10).
3. The Signatory Parties recommend that: the Board approve Petitioner's initial tariff of \$980 per Equivalent Dwelling Unit ("EDU") per year and \$4,900 per year for the clubhouse which is five EDUs, the proposed rates remain in place for at least two years from the effective date of the Petitioner's initial tariff, and the Company

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<sup>1</sup> Cited paragraphs referenced are in the Stipulation. This is only a summary, the full Stipulation document controls, subject to the Board's findings and conclusions contained herein.

be directed to file a tariff page with the Board giving effect to this rate upon closing. (Stipulation Paragraph 6).

4. The Signatory Parties agree that the Petitioner shall not depreciate the portion of the sewerage system that is funded by CIAC. (Stipulation Paragraph 5).
5. Petitioner shall inform the Board of the date the asset acquisition was consummated, and within sixty (60) days of this date shall provide to the Board and to the Signatory Parties an exhibit showing the final purchase price for the wastewater assets. (Stipulation Paragraph 8).
6. The assets of the Company shall not be pledged without the prior approval of the Board. (Stipulation Paragraph 9).

### DISCUSSION AND FINDINGS

The Board, after careful review and consideration of the record in this matter and the Stipulation of the parties, HEREBY FINDS that:

1. Approval of the municipal consent to provide wastewater service to Stanton Ridge granted to Aqua New Jersey, Inc. by the Township of Readington is in the public interest.
2. Acquisition of the wastewater system assets now being used to serve Stanton Ridge meets the criteria set forth in N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14, and will yield positive benefits for customers, as more fully described in the Stipulation.
3. Approval of the Initial Tariff of \$980 per residential unit and \$4,900 for the clubhouse will result in no increase from current residential rates for at least two years from the effective date of the Initial Tariff.

The Board HEREBY ADOPTS the Stipulation attached hereto, as its own, incorporating by reference the terms and conditions as if fully set forth at length herein. Accordingly, the Board HEREBY APPROVES the Stipulation attached hereto, APPROVES the municipal consent, Ordinance #09-2007, granted to Aqua NJ by the Township of Readington on April 2, 2007, and further APPROVES the proposed asset acquisition and the use of an initial tariff rate of \$980 per year per EDU and a rate of \$4,900 per year for the clubhouse which is five EDUs applicable only to wastewater service for customers located in Stanton Ridge.

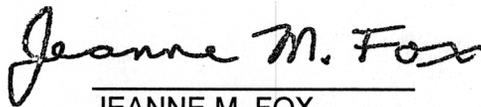
The approvals granted, hereinabove, shall be subject to the following provisions:

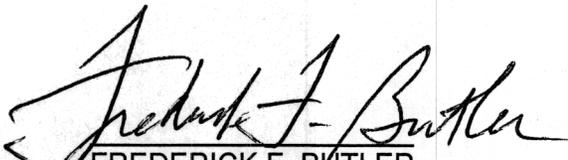
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by Aqua New Jersey, Inc.
2. This Order shall not affect now or in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any future proceeding, with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or in any other matters affecting Aqua New Jersey, Inc.

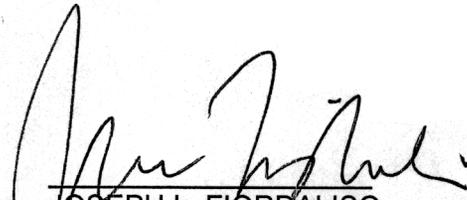
3. In an appropriate subsequent proceeding, Aqua New Jersey, Inc. shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers. Approval of this municipal consent does not include authorization to include in rate base the specific assets that are or will be acquired or completed as a result of the new service territory.
4. Approval of the municipal consent ordinance does not constitute approval by the Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection or any related capital improvements, and the allocation of such cost and expenses, shall be made in an appropriate subsequent proceeding.

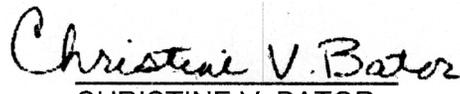
DATED: 12/21/07

BOARD OF PUBLIC UTILITIES  
BY:

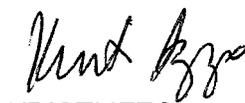
  
\_\_\_\_\_  
JEANNE M. FOX  
PRESIDENT

  
\_\_\_\_\_  
FREDERICK F. BUTLER  
COMMISSIONER

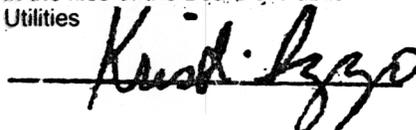
  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
\_\_\_\_\_  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
KRISTI IZZO  
SECRETARY

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

  
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IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL OF A  
MUNICIPAL CONSENT TO PROVIDE WASTEWATER SERVICE TO PORTIONS OF THE  
TOWNSHIP OF READINGTON AND TO ACQUIRE THE WASTEWATER SYSTEM LOCATED  
WITHIN THE STANTON RIDGE COMMUNITY AND OTHER REQUIRED APPROVALS  
Docket No. WE07030224

SERVICE LIST

Colleen Foley, Esq.  
Saul Ewing LLP  
One Riverfront Plaza  
Newark, N.J. 07102

Stephanie A. Brand, Director and Rate Counsel  
Susan McClure, Esq.  
Gina Hunt, Esq.  
Division of Rate Counsel  
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James E. McGuire, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street, 5<sup>th</sup> Floor  
Newark, NJ 07101

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

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IN THE MATTER OF THE PETITION OF  
AQUA NEW JERSEY, INC. FOR APPROVAL  
OF A MUNICIPAL CONSENT TO PROVIDE  
WASTEWATER SERVICE TO PORTIONS  
OF THE TOWNSHIP OF READINGTON  
AND TO ACQUIRE THE WASTEWATER  
SYSTEM LOCATED WITHIN THE  
STANTON RIDGE COMMUNITY AND  
OTHER REQUIRED APPROVALS

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DOCKET NO. WE07030224

STIPULATION OF SETTLEMENT

**APPEARANCES:**

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

Arlene E. Pasko, Esq., Deputy Attorney General (Anne Milgram, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Susan McClure, Esq., Assistant Deputy Public Advocate, and Gina Hunt, Esq., Assistant Deputy Public Advocate, on behalf of the Division of Rate Counsel

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

This Stipulation of Settlement (“Stipulation”) fully resolves all issues raised in BPU Docket No. WE07030224 in which Aqua New Jersey, Inc. (“Aqua,” the “Company” or “Petitioner”) is seeking approval by the New Jersey Board of Public Utilities (“Board”) of the municipal franchise to provide wastewater service to a portion of Readington Township known as Stanton Ridge. Petitioner has also indicated that it will purchase the wastewater system assets which are presently being used to provide service to Stanton Ridge, and seeks the Board’s approval of this transaction to the extent such approval is deemed necessary by the Board.

The parties that have actively participated in this proceeding are as follows: the Company, the Staff of the Board ("Staff"), and the Division of Rate Counsel ("Rate Counsel"). As a result of an analysis of the Petitioner's filed Petition and exhibits, conferences, negotiations, responses to data requests, and a duly noticed public hearing, the Petitioner, Rate Counsel and Staff (collectively, the ("Signatory Parties")) have come to an agreement on all of the issues in this matter. The Signatory Parties agree and stipulate as follows:

The procedural history of this matter is as follows:

On March 30, 2007, Petitioner filed a petition consistent with N.J.S.A. 48:2-14 seeking the approval of the Board: 1.) Of a municipal consent to provide wastewater service to the Stanton Ridge portion of the Township of Readington; and 2.) To the extent deemed necessary by the Board, to acquire the wastewater system assets used to serve Stanton Ridge, which assets are owned by the Stanton Ridge Homeowners Association (the "Homeowners Association").

By way of background, Stanton Ridge is located in the Township of Readington, Hunterdon County, New Jersey. Stanton Ridge is a residential housing development consisting of approximately 155 homes, a golf course and a clubhouse. Wastewater service is presently provided via a wastewater system owned by the Homeowners Association. Wastewater services are paid for through dues paid to the Homeowners Association. Presently, residents pay the Homeowners Association approximately \$980 per residence per year for wastewater service. The Stanton Ridge community is fully developed and no growth is anticipated in the franchise area.

Pursuant to an Asset Purchase Agreement ("Agreement") dated December 15, 2006, Petitioner shall acquire the wastewater system assets located in the Stanton Ridge community. The purchase price of the assets shall be fifty thousand 00/100 (\$50,000.00) dollars, subject to

adjustment in the event that an odor reduction upgrade to the wastewater system is installed as specified in paragraph 1.6 of the Agreement.

On April 2, 2007, the Township of Readington granted to the Petitioner a franchise to provide wastewater service to the Stanton Ridge development (including the golf course and clubhouse). Wastewater service cannot be expanded beyond the Stanton Ridge development. The matter was retained by the Board for consideration, and the parties engaged in detailed discovery.

On September 20, 2007, at the direction of the Board, a public notice was published stating that Petitioner had filed a petition seeking approval of a municipal consent to serve the Stanton Ridge community, and noting that the Company had agreed to purchase the wastewater system serving Stanton Ridge. A municipal consent hearing was held on October 12, 2007 at the Board's office in Newark, New Jersey, where Joseph Quirolo, Legal Specialist for the Board, presided. No members of the public appeared at this hearing.

Settlement discussions were held by the Signatory Parties and those efforts resulted in the following stipulations among the Signatory Parties:

1. The Signatory Parties acknowledge Petitioner's position that the wastewater assets to be purchased by Aqua do not meet the statutory definition of "public utility" as set out at N.J.S.A. 48:2-13, and that Petitioner, therefore, asserts the asset purchase is not subject to the provisions of N.J.S.A. 48:2-51.1 and N.J.A.C. 14:15.14. The Signatory Parties further acknowledge that Petitioner has nonetheless included information in its filing sufficient to meet the statutory findings required by N.J.S.A. 48:2-51.1 and N.J.A.C. 4:1-5.14, which findings are set forth in

Paragraph 2 below. Based on this information, the Signatory Parties agree to recommend to the Board that the acquisition be approved.

2. When considering a transaction pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:15.14, the Board is required to evaluate the impact of the change in control on competition, on the rates of ratepayers affected by the change in control, on the employees of the affected public utility, and on the provision of safe, adequate and proper utility service at just and reasonable rates, and to state the benefits to the public which will be realized as the result of the change in control. These findings are set out below:

Rates charged for wastewater service will remain unchanged after the asset purchase is completed. Petitioner proposes to implement an initial tariff applicable only to customers in Stanton Ridge, and to charge those customers \$980.00 per EDU per year for wastewater service. A residence is one EDU and would pay \$980 per residence per year, and the golf course clubhouse is five EDUs and would pay \$4,900 per year. This proposed rate will remain in effect for at least two years after the effective date of the Company's initial tariff and is equivalent to the rate Stanton Ridge residents presently pay to the Homeowners Association for wastewater service.

Petitioner notes that there are no employees dedicated to operating the wastewater system. Instead, the Homeowners Association operates the system using an outside contractor. Aqua will assign qualified individuals

to inspect the Stanton Ridge wastewater system on a daily basis to ensure the system is operating properly.

(c.) The provision of safe, adequate and proper service will be enhanced as a result of the proposed transaction in that it will make available to residents of Stanton Ridge the environmental, technical, operational and capital resources of the Petitioner.

(d.) The transaction to be consummated pursuant to the Agreement will have no immediate, direct or measurable impact on competition as Petitioner will serve the residents of Stanton Ridge under the same market conditions that currently exist, and Aqua will continue to be subject to the jurisdiction of the Board.

3. Approval of this petition does not constitute Board approval of any costs or expenses associated with this transaction. The Signatory Parties further acknowledge that Aqua is subject to the authority of the Board pursuant to N.J.S.A. 48:2-13 et seq., and will remain subject to the authority of the Board after the closing of the transaction described herein.

4. The Signatory Parties recommend that any Board Order approving the Company's Petition contain language which recognizes that the Order issued in this matter shall not affect or in any way limit the exercise of the authority of the Board or the State in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

5. The Signatory Parties agree that the Petitioner shall not depreciate the portion of the sewerage system that is funded by CIAC.
6. The Signatory Parties recommend that the Board approve Petitioner's initial tariff rate of \$980.00 per EDU per year (a residence is one EDU and would pay \$980 per residence per year and the golf course clubhouse is five EDUs and would pay \$4,900 per year), and that this initial tariff rate remain unchanged for at least two years after the effective date of the Company's initial tariff in this matter, and direct the Company to file a tariff page with the Board giving effect to this rate upon closing.
7. The Signatory Parties agree that subject to the execution, where appropriate, of acceptable confidentiality agreements, the Board, its Staff and Rate Counsel shall be provided with reasonable access to the books and records of Petitioner for the purpose of reviewing the proper allocation of costs to its operations. Nothing in this Stipulation of Settlement shall be construed so as to limit the authority of the Board pursuant to N.J.S.A. 48:2-16, et seq.
8. Petitioner shall inform the Board of the date the asset acquisition was consummated, and within sixty (60) days of this date shall provide to the Board and to the Signatory Parties an exhibit showing the final purchase price for the wastewater assets.
9. The assets of the Company shall not be pledged without the prior approval of the Board.

The Signatory Parties to this Stipulation further stipulate and agree that Ordinance No. 09-2007 granting the franchise to provide wastewater service to the Stanton Ridge development to Petitioner should be approved by the Board.

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

- (c.) The Signatory Parties further agree that the purpose of this Stipulation is to avoid protracted and costly litigation, and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

AQUA NEW JERSEY, INC.

\_\_\_\_\_, 2007

By: Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public  
Utilities

\_\_\_\_\_, 2007

By: Arlene E. Pasko, Deputy Attorney  
General

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

Date: \_\_\_\_\_, 2007

By: Susan McClure, Esq., Asst. Deputy Public  
Advocate

**RATE SCHEDULE**  
**GENERAL WASTEWATER SERVICE**

**APPLICABILITY:**

Applicable for general residential and commercial sewer service in the Stanton Ridge development, located in the Township of Readington, County of Hunterdon, New Jersey.

**CHARACTER OF SERVICE:**

Continuous.

**RATE:**

The rate is a fixed amount per annum of \$980.00 per One (1) Equivalent Dwelling Unit ("EDU"), billed on a quarterly basis.

	<u>Fixed Wastewater Charge</u>	
	<u>Quarterly Rate</u>	<u>Annual Rate</u>
1 EDU	\$245.00	\$980.00

Each residence is equal to one (1) EDU, and so shall pay an annual rate of \$980.00, billed in equal installments on a quarterly basis.

The Stanton Ridge Clubhouse is equal to five (5) EDUs, and so shall pay an annual rate of \$4,900, billed in equal installments on a quarterly basis.

**TERMS OF PAYMENT:**

**BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT.** Bills for wastewater service will be rendered quarterly.

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Issued: December 19, 2007  
By: Sharon E. Schulman, President  
10 Black Forest Road  
Hamilton, NJ 08691

Effective Date:  
January 1, 2008

Filed pursuant to decision and Order of the Board of Public Utilities dated December 19, 2007, in Docket No. WE07030224.

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

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IN THE MATTER OF THE PETITION OF  
AQUA NEW JERSEY, INC. FOR APPROVAL  
OF A MUNICIPAL CONSENT TO PROVIDE  
WASTEWATER SERVICE TO PORTIONS  
OF THE TOWNSHIP OF READINGTON  
AND TO ACQUIRE THE WASTEWATER  
SYSTEM LOCATED WITHIN THE  
STANTON RIDGE COMMUNITY AND  
OTHER REQUIRED APPROVALS

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DOCKET NO. WE07030224  
STIPULATION OF SETTLEMENT

**APPEARANCES:**

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Arlene E. Pasko, Deputy Attorney General (Anne Milgram, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Susan McClure, Esq., Assistant Deputy Public Advocate, and Gina Hunt, Esq., Assistant Deputy Public Advocate, on behalf of the Division of Rate Counsel

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

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The parties that have actively participated in this proceeding are as follows: the Company, the Staff of the Board ("Staff"), and the Division of Rate Counsel ("Rate Counsel"). As a result of an analysis of the Petitioner's filed Petition and exhibits, conferences, negotiations, responses to data requests, and a duly noticed public hearing, the Petitioner, Rate Counsel and Staff (collectively, the ("Signatory Parties")) have come to an agreement on all of the issues in this matter. The Signatory Parties agree and stipulate as follows:

The procedural history of this matter is as follows:

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adjustment in the event that an odor reduction upgrade to the wastewater system is installed as specified in paragraph 1.6 of the Agreement.

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Settlement discussions were held by the Signatory Parties and those efforts resulted in the following stipulations among the Signatory Parties:

1. The Signatory Parties acknowledge Petitioner's position that the wastewater assets to be purchased by Aqua do not meet the statutory definition of "public utility" as set out at N.J.S.A. 48:2-13, and that Petitioner, therefore, asserts the asset purchase is not subject to the provisions of N.J.S.A. 48:2-51 and N.J.A.C. 14:1-5.14. The Signatory Parties further acknowledge that Petitioner has nonetheless included information in its filing sufficient to meet the statutory findings required by N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14, which findings are set forth in

Paragraph 2 below. Based on this information, the Signatory Parties agree to recommend to the Board that the acquisition be approved.

2. When considering a transaction pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14, the Board is required to evaluate the impact of the change in control on competition, on the rates of ratepayers affected by the change in control, on the employees of the affected public utility, and on the provision of safe, adequate and proper utility service at just and reasonable rates, and to state the benefits to the public which will be realized as the result of the change in control. These findings are set out below:

Rates charged for wastewater service will remain unchanged after the asset purchase is completed. Petitioner proposes to implement an initial tariff applicable only to customers in Stanton Ridge, and to charge those customers \$980.00 per EDU per year for wastewater service. A residence is one EDU and would pay \$980 per residence per year, and the golf course clubhouse is five EDUs and would pay \$4,900 per year. This proposed rate will remain in effect for at least two years after the effective date of the Company's initial tariff and is equivalent to the rate Stanton Ridge residents presently pay to the Homeowners Association for wastewater service.

Petitioner notes that there are no employees dedicated to operating the wastewater system. Instead, the Homeowners Association operates the system using an outside contractor. Aqua will assign qualified individuals

to inspect the Stanton Ridge wastewater system on a daily basis to ensure the system is operating properly.

The provision of safe, adequate and proper service will be enhanced as a result of the proposed transaction in that it will make available to residents of Stanton Ridge the environmental, technical, operational and capital resources of the Petitioner.

The transaction to be consummated pursuant to the Agreement will have no immediate, direct or measurable impact on competition as Petitioner will serve the residents of Stanton Ridge under the same market conditions that currently exist, and Aqua will continue to be subject to the jurisdiction of the Board.

3. Approval of this petition does not constitute Board approval of any costs or expenses associated with this transaction. The Signatory Parties further agree that Aqua is subject to the authority of the Board pursuant to N.J.S.A. 48:2-13 et seq. and that Aqua and Stanton Ridge will be subject to the authority of the Board after the closing of the transaction described herein.
4. The Signatory Parties recommend that any Board Order approving the Company's Petition contain language which recognizes that the Order issued in this matter shall not affect or in any way limit the exercise of the authority of the Board or the State in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

5. The Signatory Parties agree that the Petitioner shall not depreciate the portion of the sewerage system that is funded by CIAC.
6. The Signatory Parties recommend that the Board approve Petitioner's initial tariff rate of \$980.00 per EDU per year (a residence is one EDU and would pay \$980 per residence per year and the golf course clubhouse is five EDUs and would pay \$4,900 per year), and that this initial tariff rate remain unchanged for at least two years after the effective date of the Company's initial tariff in this matter, and direct the Company to file a tariff page with the Board giving effect to this rate upon closing.
7. The Signatory Parties agree that subject to the execution, where appropriate, of acceptable confidentiality agreements, the Board, its Staff and Rate Counsel shall be provided with reasonable access to the books and records of Petitioner for the purpose of reviewing the proper allocation of costs to its operations. Nothing in this Stipulation of Settlement shall be construed so as to limit the authority of the Board pursuant to N.J.S.A. 48:2-16, et seq.
8. Petitioner shall inform the Board of the date the asset acquisition was consummated, and within sixty (60) days of this date shall provide to the Board and to the Signatory Parties an exhibit showing the final purchase price for the wastewater assets.
9. The assets of the Company shall not be pledged without the prior approval of the Board.

10. The Signatory Parties to this Stipulation further stipulate and agree that Ordinance No. 09-2007 granting the franchise to provide wastewater service to the Stanton Ridge development to Petitioner should be approved by the Board.
11. (a.) This Stipulation is the product of negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein.
- (b.) The Signatory Parties agree that the within Stipulation reflects a mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party materially affected thereby shall not be bound to proceed under this Stipulation.

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

AQUA NEW JERSEY, INC.

December 6, 2007

Colleen A. Foley

By: Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of  
Public Utilities

Date: December 6, 2007

Arlene E. Pasko

By: Arlene E. Pasko, Deputy Attorney  
General

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

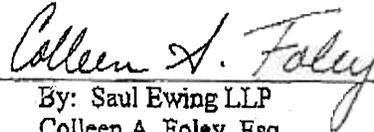
Date: \_\_\_\_\_, 2007

By: Susan McClure, Esq., Asst. Deputy  
Public Advocate

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AQUA NEW JERSEY, INC.

Date: December 6, 2007



By: Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner.

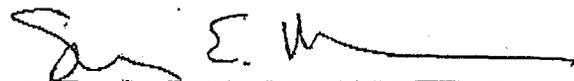
ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of  
Public Utilities

Date: \_\_\_\_\_, 2007

By: Arlene E. Pasko, Deputy Attorney  
General

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

Date: December 7, 2007

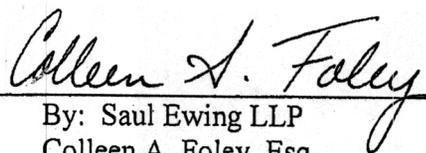


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Public Advocate

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AQUA NEW JERSEY, INC.

Date: December 6, 2007



By: Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of  
Public Utilities

Date: \_\_\_\_\_, 2007

By: Arlene E. Pasko, Deputy Attorney  
General

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

Date: \_\_\_\_\_, 2007

By: Susan McClure, Esq., Asst. Deputy  
Public Advocate