



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

IN THE MATTER OF THE JOINT PETITIONERS )	<u>WATER</u>
OF NEW JERSEY-AMERICAN WATER )	
COMPANY, INC., S.J. SERVICES, INC., )	ORDER ADOPTING INITIAL
SOUTH JERSEY WATER SUPPLY COMPANY, )	DECISION
INC. AND PENNSGROVE WATER SUPPLY )	
COMPANY, INC. FOR AMONG OTHER THINGS )	
APPROVAL OF A CHANGE IN CONTROL OF )	BPU. DOCKET NO. WM07020076
SOUTH JERSEY WATER SUPPLY COMPANY, )	OAL DOCKET NO. PUC2966-07
INC. AND PENNSGROVE WATER SUPPLY )	
COMPANY, INC. )	

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On February 2, 2007, New Jersey-American Water Company, Inc. (NJAW), S.J. Services, Inc., (S.J. Services), South Jersey Water Supply Company, Inc. (South Jersey Water) and Pennsgrrove Water Supply Company, Inc. (Pennsgrrove) (collectively "Joint Petitioners"), all of which are public utility corporations of the State of New Jersey, subject to the jurisdiction of the Board of Public Utilities, filed a Joint Petition ("Petition") initiating this proceeding.<sup>1</sup> The Petition was filed pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 for approval of the acquisition of S.J. Services and indirectly of South Jersey Water and Pennsgrrove. Pursuant to the Petition, New Jersey American sought approval to acquire all of the issued and outstanding capital stock of S.J. Services pursuant to the Stock Purchase Agreement dated November 13, 2006 (the "Agreement"). Under the terms of the Agreement, NJAW will acquire control of S.J. Services and indirectly, South Jersey Water and Pennsgrrove (the "Acquisition"). S.J. Services, South Jersey Water and Pennsgrrove will merge with and into NJAW, in one or more steps, with NJAW

<sup>1</sup> New Jersey American Water Company, Inc. serves approximately 600,000 water customers and 27,000 wastewater customers in certain portions of Atlantic, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union and Warren Counties, New Jersey.

South Jersey Water serves approximately 2,320 water customers in the Township of Harrison, Gloucester County, New Jersey.

Pennsgrrove serves approximately 4,423 water customers in the Borough of Penns Grove and the Townships of Carneys Point and Oldmans, Salem County, New Jersey and a portion of the Township of Logan, Gloucester County, New Jersey.

as the surviving entity (the "Merger"). The Petition also sought approval of the Merger, so long as it is completed within twenty-four (24) months of the closing of the Acquisition.

### BACKGROUND/PROCEDURAL HISTORY

On April 16, 2007, Aqua New Jersey, Inc. ("Aqua") filed a Motion for Leave to Intervene in this proceeding. On April 23, 2007, this matter was transmitted to the Office of Administrative Law (OAL), as a contested case, where it was assigned to Administrative Law Judge (ALJ) Douglas Hurd. Joint Petitioners opposed Aqua's motion to Intervene. Briefs were filed by both Joint Petitioners and Aqua and oral argument was held before Judge Hurd on June 14, 2007. By Order dated June 15, 2007, Judge Hurd denied Aqua's Motion to Intervene, however, he granted Aqua Participant status pursuant to N.J.A.C. 1:1-16.6.

On June 22, 2007, Aqua filed a request with the Board for Interlocutory Review of Judge Hurd's Order. The Joint Petitioners filed opposition to Aqua's request pursuant to N.J.A.C. 1:1-14.10(b) on July 3, 2007. On July 11, 2007, the Board granted Aqua's motion that it consider Aqua's interlocutory appeal. On July 16, 2007, the Joint Petitioners filed written arguments in support of Judge Hurd's Order for the Board's consideration pursuant to N.J.A.C. 1:1-14.10(d). The Board granted Aqua's motion on August 1, 2007.

After proper notice, ALJ Dennis P. Blake presided over by a public hearing, regarding this matter, at the Penns Grove Borough Hall Courtroom, Penns Grove, New Jersey on July 10, 2007. No one from the public appeared at the public hearing to present opposition to the Petition.

Evidentiary hearings were scheduled for August 1 and 2, and September 4 and 5, 2007. Evidentiary Hearings were held before Judge Hurd on August 1 and 2, 2007. This Stipulation obviates the need for any further evidentiary hearings.

By letter dated August 17, 2007, Aqua advised ALJ Hurd that it was withdrawing from this proceeding. As a result of Aqua's withdrawal, the Parties to this proceeding include the Joint Petitioners, the Staff of the Board of Public Utilities (Staff) and the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) (hereinafter, the "Parties").

The Parties engaged in settlement negotiations and reached a settlement on all issues and entered into a Stipulation (Stipulation of Settlement).

ALJ Hurd issued his Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that the Parties voluntarily agreed to the Settlement and that the Settlement fully disposes of all issues and was consistent with the law.

### STIPULATION

As set forth in the attached Stipulation, the Parties agreed that<sup>2</sup>.

1. The proposed Acquisition and Merger are in the public interest, and should be approved by the Board. In reaching this agreement the Parties further agree that pursuant to N.J.S.A. 48:2-51.1 the following applies: (Settlement Paragraph 10).

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<sup>2</sup> Cited paragraphs referenced are in the settlement document. This is only a summary, the full settlement document controls, subject to the findings and conclusions contained herein.

- The proposed acquisition and merger will not adversely affect competition because there is no traditional competition within the water utility industry.
- The proposed Acquisition and Merger will not adversely affect the rates of ratepayers affected by the Acquisition and Merger since, by virtue of the Board's Order in Docket No. WR06030257 no rate change will emanate directly from this proceeding.
- The proposed Acquisition and Merger will not adversely affect employees of the Joint Petitioners since South Jersey and Pennsgrove have no employees.
- The proposed acquisition will positively benefit the provisions of safe and adequate utility service at just and reasonable rates by the Joint Petitioners as follows:
- The need to comply with increasingly stringent water quality and environmental standards, while also rehabilitating and replacing aging water infrastructure, has created substantial demands for capital investment by water utilities.

- The financial resources and backing of NJAW and its affiliates will enhance the ability of South Jersey Water and Pennsgrove to access capital markets, which will be a benefit to South Jersey Water and Pennsgrove and their respective customers in the replacement of infrastructure and compliance with the Safe Drinking Water Act 42 U.S.C. 300 et seq.

The proposed acquisition and merger enhances the ability to respond to water challenges being faced by communities and other purveyors in Gloucester and Salem Counties.

- The customers of South Jersey Water and Pennsgrove will benefit from becoming part of the largest regulated water utility in the United States.
- The customers of South Jersey Water and Pennsgrove will receive the benefits of industry standards best practices in the areas of planning, research, environmental compliance, water quality, customer service, finance, risk management, operations and service delivery, and management.

The customers of South Jersey Water and Pennsgrove will have 24/7 access to NJAW's customer service call centers to resolve customer service issues: and

- The customers of South Jersey Water and Pennsgrove will have access to NJAW's customer payment assistance programs; currently South Jersey Water and Pennsgrove have no such programs.

- 2 The Parties agree to recommend to the Board for approval of the Acquisition and Merger so long as the Merger is completed, in one or more steps, within twenty four (24) months of closing of the Acquisition; and the provision, on an interim basis of management services to South Jersey and Pennsgrove, so long as the costs for such services are allocated according to the same methodology that the Board has approved for similar costs to be allocated to NJAW, and that a summary of annual charges to South Jersey and Pennsgrove are reported in their respective annuals reports to the Board; and a

Financial Services Agreement in the form of the agreement received in evidence in this proceeding (Exhibit P-32) and the journal entries contained (Exhibit P-33, OCE-5) received in evidence on a confidential basis, under seal in this proceeding. (Settlement Paragraph 11).

3. There will be no rate change to any of the rates of the Joint Petitioners resulting from the Board's approval of the Merger. The Parties have agreed that any ratemaking issues which may arise from the Merger are to be addressed in the next New Jersey-American rate case. Joint Petitioners agree that the request for rate recovery of avoided costs associated with the Acquisition and Merger will be deferred until the next New Jersey American rate case. Agreement to, and Board approval of, the proposed Acquisition and Merger are not intended to foreclose the Parties or any other intervenors, from addressing ratemaking issues, quality of service issues, or tariff design issues in the appropriate future proceedings. (Settlement Paragraph 12).

The Board, having considered the record in this matter, HEREBY FINDS that:

- The proposed Merger and Acquisition is in accordance with law and, in the implementation of the provision set forth in the Stipulation is not contrary to the public interest.
- The proposed conditions set forth in the Stipulation are reasonable and appropriate, and in conjunction with existing statutes, provide sufficient means to properly regulate the operations of the Joint Petitioners.
- Based upon the record in this proceeding, the statutory criteria set forth in N.J.S.A. 48:2-51.1 are satisfied. The proposed Merger and Acquisition should result in positive benefits because the customers of South Jersey Water and Penns Grove will benefit from becoming part of the largest regulated water utility in the United States. The customers of South Jersey Water and Penns Grove:
  - will receive the benefits of industry standards best practices in the areas of planning, research, environmental compliance, water quality, customer service, finance, risk management, operations and service delivery, and management.;
  - will have 24/7 access to NJAW's customer service call centers to resolve customer service issues: and
    - will have access to NJAW's customer payment assistance programs; currently South Jersey Water and Penns Grove have no such programs.
- The proposed Merger and Acquisition and the proposed transaction preliminary to the Merger and Acquisition is not intended to foreclose the Parties or any potential intervenor, from add addressing ratemaking issues, quality of service issues or tariff design issue in future base rate proceedings involving the Joint Petitioners.

After careful review of the record of this proceeding, including discovery responses and the Stipulation of the Parties, the Board HEREBY ADOPTS the ALJ's Initial Decision which adopts the Stipulation of the Parties attached, hereto, as its own, incorporating by reference the terms and conditions as more fully set forth at length herein, subject to the following:

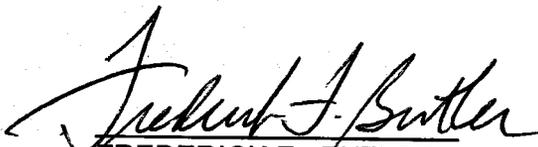
- a. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by NJAW.
- b. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting NJAW.
- c. New Jersey American shall not depreciate the portion of the water system that is funded by Contributions in Aid of Construction (CIAC).
- d. In an appropriate subsequent proceeding, NJAW shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
- e. NJAW shall have the burden of demonstrating whether, and to what extent, the costs associated with the acquisition shall be recoverable by the Company.
- f. NJAW shall inform the Board, in writing, of the date of the closing of the asset sale transaction within 20 days of closing and shall file with the Board final journal entries within 60 days of closing reflecting the actual at the time of closing.
- g. Within 180 days of closing NJAW shall provide to the Board and to Rate Counsel an exhibit showing all direct transaction costs, as well as the final details of the transactions between the S.J. Services, Inc., South Jersey and Pennsgrove and NJAW for the sale of the S.J. Services, South Jersey and Pennsgrove's water utility plant to NJAW.
- h. Nothing in this Order shall be construed as limiting the jurisdiction vested in the Board under Title 48 or as altering the requirements found herein, including, but not limited to the requirement in N.J.S.A. 48:2-51.1 or N.J.S.A. 48:2-16.

NJAW shall file an updated Territory Served page within fifteen (15) days of the dated of this Order incorporating the service territory of South Jersey Water Supply Company, Inc., and Pennsgrove Water Supply Company, Inc.

DATED: 9/13/07

BOARD OF PUBLIC UTILITIES  
BY:

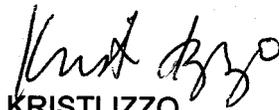
  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

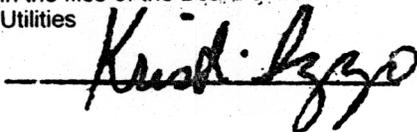
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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



IN THE MATTER OF THE JOINT PETITIONS OF NEW JERSEY-AMERICAN WATER COMPANY, INC., S.J. SERVICES, INC., SOUTH JERSEY WATER SUPPLY COMPANY, INC. AND PENNSGROVE WATER SUPPLY COMPANY, INC. FOR AMONG OTHER THINGS APPROVAL OF A CHANGE IN CONTROL OF SOUTH JERSEY WATER SUPPLY COMPANY INC. AND PENNSGROVE WATER SUPPLY COMPANY, INC.

B.P.U. DOCKET NO. WM07020076  
O.A.L. DOCKET NO. PUC2966-07

SERVICE LIST

<p>Ira G. Megdal, Esq. Cozen O'Connor 457 Haddonfield Road P.O. Box 5449 Cherry Hill, NJ 08002</p> <p>Frank Simpson Director of Rates New Jersey American Water Company P.O. Box 5079 Cherry Hill, NJ 08034</p> <p>Robert J. Brabston, Esq. Associate Corporate Counsel New Jersey American Water Company P.O. Box 5079 Cherry Hill, NJ 08034</p> <p>Kimberly K. Holmes, Esq., Acting Director Paul E. Flanagan, Esq., Litigation Manager Debra F. Robinson, Esq., Managing Attorney - Water/Wastewater Susan McClure, Esq. Department of the Public Advocate Division of Rate Counsel 31 Clinton Street P.O. Box 46005 Newark, NJ 07101</p>	<p>Maria L. Moran, Director Michael Kammer Board of Public Utilities Division of Water Two Gateway Center Newark, NJ 07102</p> <p>Mark Beyer, Chief Economist Board of Public Utilities Two Gateway Center Newark, NJ 07102</p> <p>Elise Goldblat, DAG Department of Law and Public Safety Division of Law 124 Halsey Street P.O. Box 45029 Newark, NJ 07102</p> <p>James McGuire, SDAG Department of Law and Public Safety Division of Law 124 Halsey Street P.O. Box 45029 Newark, NJ 07102</p> <p>Alex Moreau, DAG Arlene Pasko, DAG Department of Law and Public Safety Division of Law 124 Halsey Street P.O. Box 45029 Newark, NJ 07102</p>
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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE JOINT PETITION  
OF NEW JERSEY-AMERICAN WATER  
COMPANY, INC., S.J. SERVICES, INC.,  
SOUTH JERSEY WATER SUPPLY COMPANY,  
INC. AND PENNSGROVE WATER SUPPLY  
COMPANY, INC. FOR AMONG OTHER  
THINGS APPROVAL OF A CHANGE IN  
CONTROL OF SOUTH JERSEY WATER  
SUPPLY COMPANY, INC. AND  
PENNSGROVE WATER SUPPLY COMPANY,  
INC.

B.P.U. DOCKET NO. WM07020076

O.A.L. DOCKET NO. PUC2966-07

STIPULATION

PARTIES TO THE WITHIN STIPULATION AND APPEARANCES:

Ira G. Megdal, Esquire (Cozen O'Connor, attorneys) for New Jersey-American Water Company, Inc., S.J. Services, Inc., South Jersey Water Supply Company, Inc. and Penns Grove Water Supply Company, Inc. (collectively "Joint Petitioners")

Susan E. McClure and Gina M. Hunt, Assistant Deputies Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel")

Alex Moreau, Deputy Attorney General on behalf of the Staff of the New Jersey Board of Public Utilities ("Board Staff")

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

**I. PROCEDURAL HISTORY**

On February 2, 2007, New Jersey-American Water Company, Inc. ("New Jersey American"), S.J. Services, Inc. ("S.J. Services"), South Jersey Water Supply Company, Inc. ("South Jersey Water") and Penns Grove Water Supply Company, Inc. ("Penns Grove") (collectively "Joint Petitioners"), all of which are public utility corporations of the State of New Jersey, filed a Joint Petition ("Petition") in this proceeding. The Petition was filed pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 for approval of the acquisition of S.J. Services and indirectly of South Jersey Water and Penns Grove. Pursuant to the Petition, New Jersey American

sought approval to acquire all of the issued and outstanding capital stock of S.J. Services pursuant to the Stock Purchase Agreement dated November 13, 2006 (the "Agreement"). Under the terms of the Agreement, New Jersey American will acquire control of S.J. Services and indirectly, South Jersey Water and Pennsgrove (the "Acquisition"). S.J. Services, South Jersey Water and Pennsgrove will merge with and into New Jersey American, in one or more steps, with New Jersey American as the surviving entity (the "Merger"). The Petition also sought approval of the Merger, so long as it is completed within twenty-four (24) months of the closing of the Acquisition.

1. On April 16, 2007, Aqua New Jersey, Inc. ("Aqua") filed a Motion for Leave to Intervene in the proceeding. Joint Petitioners opposed Aqua's motion. Briefs were filed by both Joint Petitioners and Aqua and oral argument was held before Judge Hurd on June 14, 2007. By Order dated June 15, 2007, Judge Hurd denied Aqua's Motion to Intervene, however, he granted Aqua Participant status under N.J.A.C. 1:1-16.6

2. On June 22, 2007, Aqua filed a request with the Board for Interlocutory Review of Judge Hurd's Order. Joint Petitioners filed opposition to Aqua's request pursuant to N.J.A.C. 1:1-14.10(b) on July 3, 2007. Thereafter on July 11, 2007, the Board granted Aqua's request that the Board consider Aqua's interlocutory appeal. On July 16, 2007, Joint Petitioners filed written arguments in support of Judge Hurd's Order for the Board's consideration pursuant to N.J.A.C. 1:1-14.10(d). The Board ruled on this matter on August 1, 2007, and decided that Aqua would be permitted to intervene.

3. By letter to Judge Hurd dated August 17, 2007, Aqua withdrew from this proceeding.

4. As a result of Aqua's withdrawal, the parties to this proceeding include Joint Petitioners, Board's Staff and Rate Counsel (hereinafter, the "Parties").

5. Discovery was propounded upon the Joint Petitioners by the Board's Staff, Rate Counsel and Aqua.

6. All required discovery has been answered in full.

7. A public hearing was held in this matter at the Penns Grove Borough Hall Courtroom, Penns Grove, New Jersey on July 10, 2007 presided over by Administrative Law Judge Dennis P. Blake. No one from the public appeared at the public hearing to present opposition to the Petition.

8. Evidentiary hearings were scheduled for August 1 and 2, and September 4 and 5, 2007. Evidentiary hearings were held on August 1 and 2, 2007, and this Stipulation obviates the need for any additional evidentiary hearings.

9. Prior to the completion of evidentiary hearings, the Parties to the proceeding agreed to amicably resolve this matter. This Stipulation is the result.

## **II. STIPULATED MATTERS**

10. The Parties to this Stipulation stipulate and agree that the proposed Acquisition and Merger are in the public interest, and should be approved by the Board. In reaching this agreement, the Parties further agree that pursuant to N.J.S.A. 48:2-51.1 the following applies:

- The proposed Acquisition and Merger will not adversely affect competition, because there is no traditional competition within the water utility industry;
- The proposed Acquisition and Merger will not adversely affect the rates of ratepayers affected by the Acquisition and Merger, since, by virtue of the Board's Order in Docket No. WR06030257, no rate changes will emanate directly from this proceeding;

- The proposed Acquisition and Merger will not adversely affect employees of the Joint Petitioners;
- The proposed Acquisition and Merger will positively benefit the provision of safe and adequate utility service at just and reasonable rates by the Joint Petitioners;
- The need to comply with increasingly stringent water quality and environmental standards, while also rehabilitating and replacing water infrastructure, has created substantial demands for capital investment by water utilities;
- The financial resources and backing of NJAWC and its affiliates will enhance the ability of South Jersey Water and Pennsgrove to access capital markets, which will be a benefit to South Jersey Water and Pennsgrove and their respective customers in the replacement of infrastructure and compliance with the Safe Drinking Water Act, 42 U.S.C. §300, et seq.;
- The proposed Acquisition and Merger enhances the ability to respond to water challenges being faced by communities and other purveyors in Gloucester and Salem Counties;
- The customers of South Jersey Water and Pennsgrove will benefit from becoming part of the largest regulated water utility in the United States;
- The customers of South Jersey Water and Pennsgrove will receive the benefits of industry standard best practices in the areas of planning, research, environmental compliance, water quality, customer service, finance, risk management, operations and service delivery and management;
- After the completion of the Acquisition and Merger, customers of South Jersey Water and Pennsgrove will have 24/7 access to NJAWC's customer service call centers to resolve customer service issues; currently these customers are able to resolve issues from 8 a.m. to 4:30 p.m., Monday through Friday; and
- After the closing of the Acquisition and Merger, customers of South Jersey Water and Pennsgrove will also have access to NJAWC's customer payment assistance programs; currently South Jersey Water and Pennsgrove have no such programs.

11. The Parties to this Stipulation agree to recommend to the Board for approval the Acquisition and the Merger so long as the Merger is completed, in one or more steps, within twenty four (24) months of closing of the Acquisition; and the provision, on an interim basis of

management services to South Jersey Water and Pennsgrove, so long as the costs for such services are allocated according to the same methodology that the Board has approved for similar costs to be allocated to New Jersey American, and that a summary of annual charges to South Jersey Water and Pennsgrove are reported in their respective annual reports to the Board; and a Financial Services Agreement in the form of the agreement received in evidence in this proceeding as Exhibit P-32; and the journal entries contained in Exhibit P-33, OCE-5, received in evidence on a confidential basis, under seal in this proceeding.

**III. THERE WILL BE NO RATE CHANGES AS A RESULT OF THE MERGER**

12. The Parties to this Stipulation agree that there will be no changes to any of the rates of the Joint Petitioners resulting from the Board's approval of the Merger. The Parties have agreed that any ratemaking issues which may arise from the Merger are to be addressed in the next New Jersey-American rate case. Joint Petitioners agree that the request for rate recovery of avoided costs associated with the Acquisition and Merger will be deferred until the next New Jersey-American rate case. Agreement to, and Board approval of, the proposed Acquisition and Merger are not intended to foreclose the Parties or any other intervenors, from addressing ratemaking issues, quality of service issues, or tariff design issues in the appropriate future proceedings.

13. Agreement to, and Board approval of, the proposed Acquisition and Merger shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets now owned or hereafter to be owned by Petitioner New Jersey-American.

14. Agreement to, and Board approval of, the proposed Acquisition and Merger shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting (except for the journal entries referred to in Paragraph 11), capitalization, depreciation, or in any other matter affecting the Petitioners.

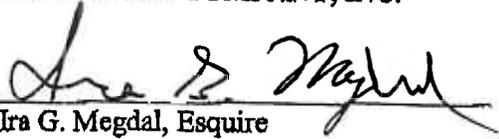
#### IV. MISCELLANEOUS

15. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

16. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided for herein, nothing agreed to in this Stipulation by Joint Petitioners, Board Staff, or Rate Counsel, shall be deemed to be precedential in any other proceeding nor shall any principle underlying this Stipulation be deemed precedential in any other proceeding.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY-AMERICAN WATER  
COMPANY, INC., S.J. SERVICES, INC.,  
SOUTH JERSEY WATER SUPPLY  
COMPANY, INC. AND PENNSGROVE  
WATER SUPPLY COMPANY, INC.

By: 

Ira G. Megdal, Esquire  
Cozen O'Connor, Attorneys

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

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

Arlene E. Pasko  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY

Kimberly K. Holmes, Esq.  
Acting Director

By: 

Susan E. McClure  
Assistant Deputy Public Advocate

Dated: August 31, 2007

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY-AMERICAN WATER  
COMPANY, INC., S.J. SERVICES, INC.,  
SOUTH JERSEY WATER SUPPLY  
COMPANY, INC. AND PENNSGROVE  
WATER SUPPLY COMPANY, INC.

By: \_\_\_\_\_  
Ira G. Megdal, Esquire  
Cozen O'Connor, Attorneys

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

By:  \_\_\_\_\_  
Arlene E. Pasko  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY

Kimberly K. Holmes, Esq.  
Acting Director

By: \_\_\_\_\_  
Susan E. McClure  
Assistant Deputy Public Advocate

Dated: August 31, 2007