



Agenda Date: 7/15/26
Agenda Item: 9A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ECONOMIST'S OFFICE

IN THE MATTER OF THE JOINT PETITION OF)
AMERICAN WATER WORKS COMPANY, INC., NEW)
JERSEY-AMERICAN WATER COMPANY, INC., AND)
GORDON'S CORNER WATER COMPANY FOR: (1))
AMERICAN WATER WORKS COMPANY, INC. TO)
ACQUIRE CONTROL OF GORDON'S CORNER WATER)
COMPANY; (2) GORDON'S CORNER WATER)
COMPANY TO TRANSFER UPON ITS BOOKS ALL OF)
ITS CAPITAL STOCK TO AMERICAN WATER WORKS)
COMPANY, INC.; (3) SHORTLY THEREAFTER,)
GORDON'S CORNER WATER COMPANY TO BE)
MERGED INTO NEW JERSEY-AMERICAN WATER)
COMPANY, INC.; AND (4) FOR SUCH OTHER)
APPROVALS AS MAY BE NECESSARY TO COMPLETE)
THE PROPOSED TRANSACTION)

ORDER APPROVING STIPULATION
OF SETTLEMENT

DOCKET NO. WM25110610

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Teresa K. Harrold, Esq., Director, Corporate Counsel, American Water, Eastern Division on
behalf of New Jersey-American Water Company, Inc.
Matthew Stanger, Director, Corporate Counsel, American Water Works Company, Inc.
Stephen B. Genzer, Esq., on behalf of Gordon's Corner Water Company

BY THE BOARD: ¹

On November 20, 2025, American Water Works Company, Inc. ("AWW" or "American Water"), New Jersey-American Water Company, Inc. ("NJAW" or "NJAWC"), and Gordon's Corner Water Company ("Gordon's Corner") (collectively, "Joint Petitioners") filed a joint petition with the New Jersey Board of Public Utilities ("Board") requesting approval of the acquisition and change in control of Gordon's Corner by AWW, thereby merging Gordon's Corner into NJAW ("Joint Petition"). By this Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by the Joint Petitioners, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") resolving all issues in controversy in this matter.

BACKGROUND AND PROCEDURAL HISTORY

¹ President Hertz-Shargel has abstained from voting on this matter.

AWW is a Delaware-incorporated public utility holding company headquartered in Camden, New Jersey. Nationally, AWW serves 3.5 million customers in fourteen (14) states.

NJAW is a regulated water and wastewater public utility corporation of the State of New Jersey serving portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren counties. NJAW is the largest privately-owned water and wastewater utility in New Jersey, serving 672,000 water and fire service customers and 70,000 wastewater customers in over 190 communities. NJAW is a wholly owned subsidiary of AWW.

Gordon's Corner is a regulated, private, investor-owned New Jersey public water company maintaining its principal office at 27 Vanderburg Road, Marlboro, New Jersey 07746. Gordon's Corner serves approximately 15,000 customers in portions of Marlboro, Manalapan, and Colts Neck Townships in Monmouth County. The Gordon's Corner distribution system comprises 212 miles of water mains ranging in size from six (6) to sixteen (16) inches in diameter, 2,475 valves, 1,229 fire hydrants, 363 blow-offs, ten (10) wells, five (5) water treatment plants, and four (4) water storage tanks.

PETITION

By the Joint Petition, the Joint Petitioners sought authorization from the Board, pursuant to N.J.S.A. 48:2-51.1, for AWW to acquire control of Gordon's Corner and to transfer all capital stock held by Gordon's Corner's current shareholders to American Water pursuant to N.J.S.A. 48:3-10 ("Transaction"). The terms and conditions of the Transaction are established in the Agreement and Plan of Merger by and among American Water, GCW Acquisition Company, LLC, Gordon's Corner, the shareholders of Gordon's Corner, and David Ern dated October 21, 2025 ("Agreement").² NJAW and Gordon's Corner also sought authorization, shortly after the closing of the Transaction, to merge Gordon's Corner with and into NJAW pursuant to N.J.S.A. 48:3-7, with NJAW emerging as the surviving entity ("Merger").

The Joint Petitioners asserted that, pursuant to N.J.S.A. 48:2-51.1, the Transaction and Merger will result in positive benefits to the State and customers and there would be no adverse impact on competition, rates, employees of the affected utilities, or on the provision of safe and adequate service at just and reasonable rates.

The Joint Petitioners stated that, as a result of the Merger, rates charged to Gordon's Corner customers will not change until NJAW's next rate case. Post-merger, new rate schedules applicable solely to the current service territory of Gordon's Corner will be added to NJAW's Tariff for Water and Wastewater Service, B.P.U. No. 8 and will contain the rates currently charged by Gordon's Corner to its customers under the Gordon's Corner Water Company Tariff, B.P.U. No. 8. Gordon's Corner customers, however, will be subject to the other terms and conditions in NJAW's tariff, which include some differences in ancillary charges such as returned check and restoration of service charges that will result in savings to Gordon's Corner customers.

By Order dated March 18, 2026, the Board retained the matter for hearing, designated Commissioner Coviello as presiding commissioner with authority to rule on all motions and modify any schedules set during the pendency of this matter pursuant to N.J.S.A. 48:2-32, and set a

² GCW Acquisition Company, LLC is a wholly-owned subsidiary of American Water, formed solely to effectuate the Transaction. On the Closing Date of the Transaction, GCW Acquisition Company, LLC will be merged with and into Gordon's Corner.

deadline of April 8, 2026 for parties to file motions to intervene or participate.³ No parties filed to intervene or participate.

After proper notice in newspapers of general circulation throughout the Joint Petitioners' service territories, two (2) virtual public hearings were held on May 20, 2026, presided over by Commissioner Coviello. No members of the public participated in the virtual hearing and no comments were filed with the Board.

STIPULATION

The Parties executed the Stipulation resolving all issues in this proceeding, which provides for the following:⁴

- 1. Change of Control.** The change of control of Gordon's Corner to American Water as proposed in the Transaction is consistent with the criteria of N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 and should be approved.
- 2. Transfer of Gordon's Corner Stock to American Water.** The transfer of all outstanding shares of Gordon's Corner stock to American Water is consistent with N.J.S.A. 48:3-10 and Board regulations at N.J.A.C. 14:1-5.10 and 5.14 and should be approved.
- 3. Merger of Gordon's Corner into NJAWC.** The merger of Gordon's Corner with and into NJAWC is consistent with the criteria of N.J.S.A. 48:3-7 and should be approved.
- 4. Rates.** Gordon's Corner's existing rates will remain in effect under its current Board-approved tariffs until the Board orders otherwise in any of the matters identified in this paragraph or elsewhere. Following closing of the Transaction, new rate schedules applicable to Gordon's Corner's service territory will be added to NJAWC's tariff. These rate schedules will contain the rates currently charged by Gordon's Corner and found in the Gordon's Corner tariffs. The Parties recognize that several matters currently pending before the Board will impact NJAWC rates (both increases and decreases) and that as NJAWC customers, the current Gordon's Corner customers could be subject to those rate impacts. NJAWC has a pending proceeding seeking to distribute significant settlement proceeds from PFAS-related litigation as a credit on customer bills.⁵ NJAWC also has a pending base rate case in which it proposes to include Gordon's Corner customers in

³ In re the Joint Petition of American Water Works Company, Inc., New Jersey-American Water Company, Inc., and Gordon's Corner Water Company for: (1) American Water Works Company, Inc. to Acquire Control of Gordon's Corner Water Company; (2) Gordon's Corner Water Company to Transfer Upon Its Books All of Its Capital Stock to American Water Works Company, Inc.; (3) Shortly Thereafter, Gordon's Corner Water Company to be Merged into New Jersey-American Water Company, Inc.; and (4) for Such Other Approvals as May be Necessary to Complete the Proposed Transaction, BPU Docket No. WM25110610, Order dated March 18, 2026.

⁴ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

⁵ In re the Petition of New Jersey-American Water Company, Inc. for Approval of a Proposed Rate Schedule to Distribute Multidistrict Litigation Proceeds to Customers, BPU Docket No. WR25110606.

NJAWC's rates.⁶ In addition, NJAWC's foundational filings for its Distribution System Improvement Charge, Wastewater System Improvement Charge, and Resiliency and Environmental System Investment Charge are currently pending at the Board.⁷ The parties will examine the appropriateness of rate changes (which could be increases) to Gordon's Corner customers in each of these proceedings. To the extent necessary, the Joint Petitioners will amend any pending filing where potential rate changes to Gordon's Corner customers could occur. Similarly, Gordon's Corner customers will not be subject to NJAWC's Lead Service Line Replacement Charge, Purchased Water Adjustment Clause, Purchased Wastewater Adjustment Clause, or Special Programs Charge unless and until they are included in subsequent NJAWC filings related to those mechanisms. Finally, at closing, Gordon's Corner customers will be subject to the other terms and conditions in NJAWC's tariff, which include some differences in ancillary charges (e.g., returned check and restoration of service charges) that will result in savings to Gordon's Corner customers because Gordon's Corner's approved ancillary charges are higher than NJAWC's.

⁶ In re the Petition of New Jersey-American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service and other Tariff Modifications, BPU Docket No. WR26010010.

⁷ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Distribution System Improvement Charge, BPU Docket No. WR26030097; In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Wastewater System Improvement Charge, BPU Docket No. WR26030098; In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Resiliency and Environmental System Investment Charge, BPU Docket No. WR26030100.

5. Gross Receipts, Excise and Franchise Taxes (“GRT”) Regulatory Liability for Gordon’s Corner. On November 4, 2024, Gordon’s Corner was notified by the New Jersey Department of the Treasury, Division of Taxation (“Taxation”) that Gordon’s Corner had been charged an incorrect GRT tax rate of 7.5%. Taxation provided a refund to Gordon’s Corner for taxes assessed on and after August 15, 2022 for the difference between the incorrect GRT tax rate of 7.5% and the correct GRT tax rate of 7%, which totaled \$285,911. Gordon’s Corner deferred this refund as a regulatory liability. In addition, since November 15, 2024, Gordon’s Corner has been charged the correct lower tax rate of 7% by Taxation, which is lower than the GRT tax rate used to calculate Gordon’s Corner’s existing base rates. As part of the Board-approved stipulation in BPU Docket No. WR25050322, Gordon’s Corner agreed to maintain a regulatory liability tracking the difference between the incorrect GRT tax rate in its base rates of 7.5% and the correct GRT tax rate of 7%. Beginning March 25, 2026, this regulatory liability began accruing interest at the five (5)-year Treasury rate plus sixty (60) basis points. After Closing, NJAWC agrees to continue maintaining and tracking Gordon’s Corner’s GRT regulatory liability separate from its own GRT regulatory liability. Within sixty (60) days following (a) Closing or (b) the effective date of the Board’s Order resolving NJAWC’s pending base rate case, whichever is later, NJAWC will provide a one (1)-time bill credit for the total Gordon’s Corner GRT regulatory liability⁸ to Gordon’s Corner customers only.⁹ Within thirty (30) days of providing this bill credit, NJAWC will file a letter at this docket confirming the total regulatory liability and the per-customer bill credit amounts.

6. Competition. The Transaction will not have an adverse impact on competition. NJAWC will continue to operate and provide service to Gordon’s Corner’s existing customers as a regulated public utility.

⁸ The regulatory liability includes the original refunded amount to Gordon’s Corner from Taxation, the difference between the incorrect GRT tax rate in Gordon’s Corner base rates of 7.5% and the correct GRT tax rate of 7% until Gordon’s Corner’s base rates are reset at the correct GRT tax rate, and all interest that has accrued on these balances since March 25, 2026.

⁹ NJAWC’s GRT regulatory liability amounts that are the subject of BPU Docket No. WR25050321 will similarly be returned to the pre-Closing NJAWC customer base only. The methodology for returning these amounts to NJAWC customers will be resolved as part of NJAWC’s pending GRT and base rate proceedings.

7. Gordon's Corner Employee Impact. No Gordon's Corner employees will be adversely impacted by the Transaction. Pursuant to paragraph 6.10(a) of the Agreement, "all employees, active or inactive, of the Company on the day before the Closing Date shall continue to be employees of the Company as of the Closing Date, under the following terms and conditions: (i) the compensation and benefits shall be substantially comparable in the aggregate as those offered to such employees prior to closing, including being in the geographic vicinity of the Company, and (ii) such employment shall be for a time period of at least one (1) year following the date of closing, excepting any termination for cause. The parent and merger sub shall use commercially reasonable efforts to provide that the employees of the company, immediately following the closing date, continue to be provided with employment by the Surviving Corporation on terms and conditions, including compensation and benefits, substantially comparable to the compensation and benefits each current employee receives from the Company."¹⁰ American Water and NJAWC agree to retain current Gordon's Corner employees for an additional two (2) years beyond the one (1)-year period described in the Agreement (other than for cause or in the event of a voluntary resignation). To the extent American Water and NJAWC deem it necessary, they will offer training and new assignments to the employees.

8. Positive Benefits. The Transaction will provide positive benefits and promote the continued provision of safe, clean, reliable, and affordable water service to customers.

a. After closing, Gordon's Corner customers will begin to be served by NJAWC, a sophisticated water and wastewater utility and a member of the American Water family. American Water's size and scale position it well to be able to obtain discounts on goods and services, such as water treatment chemicals, pipe valves and fittings, meters, engineering services, consulting services, professional services, and employee benefits.

b. Gordon's Corner customers will benefit from NJAWC's access to capital at competitive rates, short-term loans, long-term borrowings, cash management services at competitive rates, and the ability to spread debt issuance costs to American Water. American Water provides access to public debt markets that provide lower all-in interest rates via lower credit spreads than can typically be achieved in the private placement market by a smaller utility such as Gordon's Corner.

c. Gordon's Corner customers will benefit from the additional access to American Water's highly trained professionals who possess expertise in various specialized areas, and are dedicated to providing necessary, cost-effective, value-added services that support the provision of safe, reliable and affordable water and wastewater service in a manner consistent with the long-term best interest of customers. This centralized expertise drives knowledge sharing, standardization, process transparency and operational efficiency among American Water's subsidiaries, which would include Gordon's Corner as part of NJAWC post-closing.

¹⁰ As stated on page 3 of the Petition, "GCW is a wholly-owned subsidiary of American Water, formed solely to effectuate the Transaction. On the Closing Date of the Transaction, GCW will be merged with and into Gordon's Corner. Following the merger, the separate corporate existence of GCW will cease and Gordon's Corner shall continue as the surviving company. Gordon's Corner, then a wholly-owned subsidiary of American Water, will be merged with and into New Jersey American Water, with NJAWC continuing as the surviving company without further order of the Board, as requested herein."

d. American Water's customer service organization ("CSO") is dedicated to enhancing and enriching the lives of customers through high-quality service and self-service options using industry-leading technology. From starting service to handling customer questions and concerns, billing and collections-related inquiries, collaborating with operations teams in every state, and gauging customer feedback on services, the CSO works diligently to keep customers informed and supported. This includes, among other things, being available around the clock seven days a week in the event of an emergency and normal customer service hours from 7 a.m. to 7 p.m. By contrast, Gordon's Corner's existing customer service hours are from 8:30 a.m. to 4:30 p.m.

e. In addition, Gordon's Corner customers will gain access to MyWater, a comprehensive online customer service platform. MyWater is an improvement over Gordon's Corner's online system, which currently only permits Gordon's Corner customers to pay their bills online. By contrast, MyWater allows customers to pay their bills, submit service requests, access metering information, and view their account history.

f. NJAWC also provides customers with access to extensive service information on an online customer advisory map. For example, customers can view service outages and where hydrant flushing is scheduled. Gordon's Corner does not have this same functionality.

g. Gordon's Corner customers will gain access to customer assistance programs. NJAWC's H2O Help to Others Program offers grants to customers up to \$500 if their household income is at or below 300% of the federal poverty level. In addition, NJAWC offers monthly bill discounts to water and wastewater customers with household income at or below 200% of the federal poverty level through its Universal Affordability Discount. Gordon's Corner does not currently offer such customer assistance programs to its customers. The availability of customer assistance programs for Gordon's Corner customers benefits both the customers themselves and the State of New Jersey because more New Jersey residents will have access to safe and affordable water service.

h. NJAWC has a long history of service in the communities in which it operates. In 2025, NJAWC and the American Water Charitable Foundation donated over \$2.2 million to community-based organizations across the State of New Jersey. NJAWC and American Water employees also volunteered for over 3,066 hours at community events throughout New Jersey.

9. Transaction costs. Transaction costs will not be included in rates.

DISCUSSION AND FINDINGS

N.J.S.A. 48:2-51.1(a) provides, in part, that,

[i]n considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The board shall accompany its decision on a request for

approval of an acquisition of control with a written report detailing the basis for its decision, including findings of fact and conclusions of law.

Additionally, N.J.A.C. 14:1-5.14(c) provides that

[t]he Board shall not approve a merger, consolidation, acquisition and/or change in control unless it is satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.

Further, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension benefits obligations to any of its employees.

The Board, having reviewed the record in this matter, including the Petition and the Stipulation, **HEREBY FINDS** that positive benefits will flow to customers and the State from the proposed acquisition and change in control of Gordon's Corner and the Merger will not adversely impact any of the criteria delineated in N.J.S.A. 48:2-51.1(a). Additionally, the Board **HEREBY FINDS** that the Merger will have no material impact on the Joint Petitioners' employees or their pensions.

The Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation, attached hereto as Attachment A, as its own, incorporating by reference the terms and conditions of the Stipulation as if they were fully set forth at length herein. The Board **HEREBY APPROVES** the Transaction and the Merger, as more fully described in the Petition. The Board **FURTHER DIRECTS** that, within ten (10) days following closing of the Transaction, NJAW shall file new rate schedules applicable to Gordon's Corner's service territory consistent with this Order.

This Order shall not preclude the Board from taking any action deemed appropriate as a result of any Board audit.

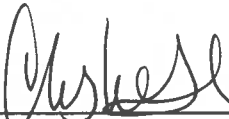
This Order shall be effective on July 22, 2026.

DATED: July 15, 2026

BOARD OF PUBLIC UTILITIES
BY:

ABSTAINED

BEN HERTZ-SHARGEL
PRESIDENT



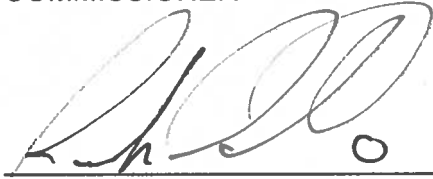
CHRISTINE GUHL-SADOVY
COMMISSIONER



MICHAEL BANGE
COMMISSIONER



EMMA REBHORN
COMMISSIONER



JOSEPH COVIELLO
COMMISSIONER

ATTEST:



SHERRI L. LEWIS
BOARD 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 PETITION OF AMERICAN WATER WORKS COMPANY, INC., NEW JERSEY-AMERICAN WATER COMPANY, INC., AND GORDON'S CORNER WATER COMPANY FOR: (1) AMERICAN WATER WORKS COMPANY, INC. TO ACQUIRE CONTROL OF GORDON'S CORNER WATER COMPANY; (2) GORDON'S CORNER WATER COMPANY TO TRANSFER UPON ITS BOOKS ALL OF ITS CAPITAL STOCK TO AMERICAN WATER WORKS COMPANY, INC.; (3) SHORTLY THEREAFTER, GORDON'S CORNER WATER COMPANY TO BE MERGED INTO NEW JERSEY-AMERICAN WATER COMPANY, INC.; AND (4) FOR SUCH OTHER APPROVALS AS MAY BE NECESSARY TO COMPLETE THE PROPOSED TRANSACTION

DOCKET NO. WM25110610

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This Stipulation of Settlement (“Stipulation”) is made by and among American Water Works Company, Inc. (“American Water”), New Jersey-American Water Company, Inc. (“NJAWC”), Gordon’s Corner Water Company (“Gordon’s Corner”) (collectively, “Joint Petitioners”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the New

Jersey Board of Public Utilities (“Staff”) (each referred to individually as a “Party” and collectively as the “Parties”) to resolve the above-referenced matter.

BACKGROUND

American Water, a corporation of the State of Delaware, with its principal office located at 1 Water Street, Camden, New Jersey 08102, is a publicly traded company, whose stock is traded upon the New York Stock Exchange. American Water is the largest and most geographically diverse investor-owned water and wastewater utility in the United States, serving an estimated 3.5 million customer connections in fourteen (14) states.

Gordon’s Corner is a regulated, private, investor-owned public water utility of the State of New Jersey maintaining its principal office at 27 Vanderburg Road, Marlboro, New Jersey 07746. Gordon’s Corner serves approximately 15,000 customers in portions of Marlboro, Manalapan, and Colts Neck Townships in Monmouth County. The Gordon’s Corner distribution system is comprised of 212 miles of water mains ranging in size from six (6) to sixteen (16) inches in diameter, 2,475 valves, 1,229 fire hydrants, 363 blow-offs, ten (10) wells, five (5) water treatment plants, and four (4) water storage tanks.

NJAWC is a regulated water and wastewater public utility corporation of the State of New Jersey. NJAWC’s service territory includes portions of the counties of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren. NJAWC maintains its principal office at 1 Water Street, Camden, New Jersey 08102. NJAWC is the largest privately-owned water and wastewater utility in New Jersey, serving 672,000 water and fire service customers and 70,000 wastewater customers in over 190 communities. NJAWC is a wholly-owned subsidiary of American Water.

On November 20, 2025, the Joint Petitioners filed a Joint Petition seeking authorization from the New Jersey Board of Public Utilities (“Board” or “BPU”) to acquire control of Gordon’s Corner pursuant to N.J.S.A. 48:2-51.1, to transfer all capital stock held by Gordon’s Corner’s current shareholders to American Water pursuant to N.J.S.A. 48:3-10, and to merger Gordon’s Corner into NJAWC pursuant to N.J.S.A. 48:3-7 (“Transaction”). The terms and conditions of the Transaction are established in the Agreement and Plan of Merger by and among American Water, GCW Acquisition Company, LLC,¹ Gordon’s Corner, the Shareholders of Gordon’s Corner, and David Ern dated October 21, 2025 (“Agreement”).

The Joint Petition was served upon the Secretary of the Board, Rate Counsel, the Division of Law, and the municipalities where Gordon’s Corner provides water and wastewater service. Rate Counsel and Staff propounded discovery requests upon the Joint Petitioners, which have been answered.

After proper public notice in newspapers of general circulation within the Joint Petitioners’ service territories, posting of notice on NJAWC’s website, and service of notice upon affected municipalities and counties within Joint Petitioners’ service territories, two (2) virtual public hearings were held on May 20, 2026 at 4:30 PM and 5:30 PM, presided over by Commissioner Coviello. No members of the public provided comments at either hearing.

The Parties have reviewed the Joint Petition and responses to discovery and have conducted settlement discussions. As a result of these discussions, the Parties have reached this Stipulation resolving all issues in this proceeding subject to the terms and conditions stated herein.

SETTLEMENT AGREEMENT

¹ GCW Acquisition Company, LLC is a wholly-owned subsidiary of American Water, formed solely to effectuate the Transaction. On the Closing Date of the Transaction, GCW will be merged with and into Gordon’s Corner.

The Parties hereby stipulate and agree as follows:

1. **Change of Control.** The change of control of Gordon's Corner to American Water as proposed in the Transaction is consistent with the criteria of N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 and should be approved.

2. **Transfer of Gordon's Corner Stock to American Water.** The transfer of all outstanding shares of Gordon's Corner stock to American Water is consistent with N.J.S.A. 48:3-10 and Board regulations at N.J.A.C. 14:1-5.10 and 5.14 and should be approved.

3. **Merger of Gordon's Corner into NJAWC.** The merger of Gordon's Corner with and into NJAWC is consistent with the criteria of N.J.S.A. 48:3-7 and should be approved.

4. **Rates.** Gordon's Corner's existing rates will remain in effect under its current Board-approved tariffs until the Board orders otherwise in any of the matters identified in this paragraph or elsewhere. Following closing of the Transaction, new rate schedules applicable to Gordon's Corner's service territory will be added to NJAWC's tariff. These rate schedules will contain the rates currently charged by Gordon's Corner and found in the Gordon's Corner tariffs. The parties recognize that several matters currently pending before the Board will impact NJAWC rates (both increases and decreases) and that as NJAWC customers, the current Gordon's Corner customers could be subject to those rate impacts. NJAWC has a pending proceeding seeking to distribute significant settlement proceeds from PFAS-related litigation as a credit on customer bills.² NJAWC also has a pending base rate case in which it proposes to include Gordon's Corner customers in NJAWC's rates.³ In addition, NJAWC's foundational filings for its Distribution

² In re the Petition of New Jersey-American Water Company, Inc. for Approval of a Proposed Rate Schedule to Distribute Multidistrict Litigation Proceeds to Customers, BPU Docket No. WR25110606.

³ In re the Petition of New Jersey-American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service and other Tariff Modifications, BPU Docket No. WR26010010.

System Improvement Charge, Wastewater System Improvement Charge, and Resiliency and Environmental System Investment Charge are currently pending at the Board.⁴ The parties will examine the appropriateness of rate changes (which could be increases) to Gordon's Corner customers in each of these proceedings. To the extent necessary, the Joint Petitioners will amend any pending filing where potential rate changes to Gordon's Corner customers could occur. Similarly, Gordon's Corner customers will not be subject to NJAWC's Lead Service Line Replacement Charge, Purchased Water Adjustment Clause, Purchased Wastewater Adjustment Clause, or Special Programs Charge unless and until they are included in subsequent NJAWC filings related to those mechanisms. Finally, at Closing, Gordon's Corner customers will be subject to the other terms and conditions in NJAWC's tariff, which include some differences in ancillary charges (e.g., returned check and restoration of service charges) that will result in savings to Gordon's Corner customers because Gordon's Corner's approved ancillary charges are higher than NJAWC's.

5. Gross Receipts, Excise and Franchise Taxes ("GRT") Regulatory Liability for Gordon's Corner. On November 4, 2024, Gordon's Corner was notified by the New Jersey Department of the Treasury, Division of Taxation ("Taxation") that Gordon's Corner had been charged an incorrect GRT tax rate of 7.5%. Taxation provided a refund to Gordon's Corner for taxes assessed on and after August 15, 2022 for the difference between the incorrect GRT tax rate of 7.5% and the correct GRT tax rate of 7%, which totaled \$285,911. Gordon's Corner deferred this refund as a regulatory liability. In addition, since November 15, 2024, Gordon's Corner has

⁴ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Distribution System Improvement Charge, BPU Docket No. WR26030097; In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Wastewater System Improvement Charge, BPU Docket No. WR26030098; In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a Resiliency and Environmental System Investment Charge, BPU Docket No. WR26030100.

been charged the correct lower tax rate of 7% by Taxation, which is lower than the GRT tax rate used to calculate Gordon's Corner's existing base rates. As part of the Board-approved Stipulation in BPU Docket No. WR25050322, Gordon's Corner agreed to maintain a regulatory liability tracking the difference between the incorrect GRT tax rate in its base rates of 7.5% and the correct GRT tax rate of 7%. Beginning March 25, 2026, this regulatory liability began accruing interest at the five (5)-year Treasury rate plus sixty (60) basis points. After Closing, NJAWC agrees to continue maintaining and tracking Gordon's Corner's GRT regulatory liability separate from its own GRT regulatory liability. Within sixty (60) days following (a) Closing or (b) the effective date of the Board's Order resolving NJAWC's pending base rate case, whichever is later, NJAWC will provide a one (1)-time bill credit for the total Gordon's Corner GRT regulatory liability⁵ to Gordon's Corner customers only.⁶ Within 30 days of providing this bill credit, NJAWC will file a letter at this docket confirming the total regulatory liability and the per-customer bill credit amounts.

6. **Competition.** The Transaction will not have an adverse impact on competition. NJAWC will continue to operate and provide service to Gordon's Corner's existing customers as a regulated public utility.

7. **Gordon's Corner Employee Impact.** No Gordon's Corner employees will be adversely impacted by the Transaction. Pursuant to Paragraph 6.10(a) of the Agreement, "all employees, active or inactive, of the Company on the day before the Closing Date shall continue

⁵ The regulatory liability includes the original refunded amount to Gordon's Corner from Taxation, the difference between the incorrect GRT tax rate in Gordon's Corner base rates of 7.5% and the correct GRT tax rate of 7% until Gordon's Corner's base rates are reset at the correct GRT tax rate, and all interest that has accrued on these balances since March 25, 2026.

⁶ NJAWC's GRT regulatory liability amounts that are the subject of BPU Docket No. WR25050321 will similarly be returned to the pre-Closing NJAWC customer base only. The methodology for returning these amounts to NJAWC customers will be resolved as part of NJAWC's pending GRT and base rate proceedings.

to be employees of the Company as of the Closing Date, under the following terms and conditions:

(i) the compensation and benefits shall be substantially comparable in the aggregate as those offered to such employees prior to Closing, including being in the geographic vicinity of the Company, and (ii) such employment shall be for a time period of at least one (1) year following the date of Closing, excepting any termination for cause. The Parent and Merger Sub shall use commercially reasonable efforts to provide that the employees of the Company, immediately following the Closing Date, continue to be provided with employment by the Surviving Corporation on terms and conditions, including compensation and benefits, substantially comparable to the compensation and benefits each current employee receives from the Company.”

American Water and NJAWC agree to retain current Gordon’s Corner employees for an additional two (2) years beyond the one (1)-year period described in the Agreement (other than for cause or in the event of a voluntary resignation). To the extent American Water and NJAWC deem it necessary, they will offer training and new assignments to the employees.

8. **Positive Benefits.** The Transaction will provide positive benefits and promote the continued provision of safe, clean, reliable, and affordable water service to customers.

- a. After closing, Gordon’s Corner customers will begin to be served by NJAWC, a sophisticated water and wastewater utility and a member of the American Water family. American Water’s size and scale position it well to be able to obtain discounts on goods and services, such as water treatment chemicals, pipe valves and fittings, meters, engineering services, consulting services, professional services, and employee benefits.
- b. Gordon’s Corner customers will benefit from NJAWC’s access to capital at competitive rates, short-term loans, long-term borrowings, cash management

services at competitive rates, and the ability to spread debt issuance costs to American Water. American Water provides access to public debt markets that provide lower all-in interest rates via lower credit spreads than can typically be achieved in the private placement market by a smaller utility such as Gordon's Corner.

- c. Gordon's Corner customers will benefit from the additional access to American Water's highly trained professionals who possess expertise in various specialized areas, and are dedicated to providing necessary, cost-effective, value-added services that support the provision of safe, reliable and affordable water and wastewater service in a manner consistent with the long-term best interest of customers. This centralized expertise drives knowledge sharing, standardization, process transparency and operational efficiency among American Water's subsidiaries, which would include Gordon's Corner as part of NJAWC post-closing.
- d. American Water's customer service organization ("CSO") is dedicated to enhancing and enriching the lives of customers through high-quality service and self-service options using industry-leading technology. From starting service to handling customer questions and concerns, billing and collections-related inquiries, collaborating with operations teams in every state, and gauging customer feedback on services, the CSO works diligently to keep customers informed and supported. This includes, among other things, being available around the clock seven days a week in the event of an emergency and normal

customer service hours from 7 a.m. to 7 p.m. By contrast, Gordon's Corner's existing customer service hours are from 8:30 a.m. to 4:30 p.m.

- e. In addition, Gordon's Corner customers will gain access to MyWater, a comprehensive online customer service platform. MyWater is an improvement over Gordon's Corner's online system, which currently only permits Gordon's Corner customers to pay their bills online. By contrast, MyWater allows customers to pay their bills, submit service requests, access metering information, and view their account history.
- f. NJAWC also provides customers with access to extensive service information on an online customer advisory map. For example, customers can view service outages and where hydrant flushing is scheduled. Gordon's Corner does not have this same functionality.
- g. Gordon's Corner customers will gain access to customer assistance programs. NJAWC's H2O Help to Others Program offers grants to customers up to \$500 if their household income is at or below 300% of the federal poverty level. In addition, NJAWC offers monthly bill discounts to water and wastewater customers with household income at or below 200% of the federal poverty level through its Universal Affordability Discount. Gordon's Corner does not currently offer such customer assistance programs to its customers. The availability of customer assistance programs for Gordon's Corner customers benefits both the customers themselves and the State of New Jersey because more New Jersey residents will have access to safe and affordable water service.

h. NJAWC has a long history of service in the communities in which it operates.

In 2025, NJAWC and the American Water Charitable Foundation donated over \$2.2 million to community-based organizations across the State of New Jersey.

NJAWC and American Water employees also volunteered for over 3,066 hours at community events throughout New Jersey.

9. **Transaction costs.** Transaction costs will not be included in rates.

10. Service of the Board's Order approving this Stipulation shall be in accordance with N.J.S.A. 48:2-40 and will be effective upon a date the Board specifies.

11. This Stipulation shall be binding on the Parties upon approval hereof by the Board. This Stipulation shall bind the Parties in this matter only and shall not be considered precedent in any other proceeding involving the Parties.

12. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole since the Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Parties hereto is entitled to certain procedures in the event of such occurrence.

13. If any modification is made to the terms of this Stipulation, the Parties must be given the right to be placed in the position in which each Party was before this Stipulation was executed. It is essential that each Party be given the option either to modify its own position, to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached.

14. The Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

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

AMERICAN WATER WORKS COMPANY, INC.

By: 
Matthew Stanger
Director, Corporate Counsel

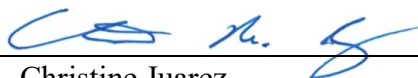
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By: [Meliha Arnautovic DAG](#)
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Deputy Attorney General

Dated: [06/10/26](#)