

Explanation: Resolution Approving Stipulation of Settlement (“Stipulation”) by and among American Water Works Company, Inc. (“American Water”), Environmental Disposal Corp. (“EDC”), the New Jersey Division of Rate Counsel (“Rate Counsel”), Staff of the New Jersey Board of Public Utilities (“Staff”) and the Townships of Bedminster and Bernards and the Borough of Far Hills and Peapack & Gladstone (“Intervenor Municipalities”) (referred to individually herein as a “Party” and collectively as the “Parties”).

**BEDMINSTER TOWNSHIP
RESOLUTION No. 2015-121**

WHEREAS, on April 29, 2015 American Water and EDC (collectively “Joint Petitioners”) filed a Verified Joint Petition (“Petition”) with the New Jersey Board of Public Utilities (“Board”) seeking approvals related to American Water’s proposed acquisition from The Hills Development Company (“Hills”) of all the shares of common stock of EDC, a public utility engaged in the collection and treatment of sewage generated within its service territory in portions of Bedminster and Bernards Townships and the treatment of sewage delivered to its treatment plant by the Township of Bedminster (from areas outside EDC’s franchise territory) and the Boroughs of Far Hills and Peapack & Gladstone (“the Transaction”).

WHEREAS, the proposed Transaction is set forth in a Stock Purchase Agreement between American Water and Hills dated February 25, 2015, which provides that, subject to obtaining regulatory approvals and the satisfaction of certain other conditions, American Water shall acquire all of the outstanding capital stock of EDC, which will result in American Water’s acquisition of 100% control of EDC.

WHEREAS, the Petition was served upon the Secretary of the Board, Rate Counsel, and the municipalities in which or to which EDC provides sewer service, the Townships of Bedminster and Bernards, and the Boroughs of Far Hills and Peapack & Gladstone.

WHEREAS, as a result of the Transaction, EDC will become a direct subsidiary of American Water and continue to exist as a public utility subject to the jurisdiction and regulation of the Board. The Petition was filed pursuant to *N.J.S.A. 48:2-51.1*, which requires written Board approval for any person to acquire control of a public utility and *N.J.S.A. 48:3-10*, which requires Board approval for a public utility to transfer its stock to another corporation where the result of such transfer is to vest in such corporation a majority of the outstanding capital stock.

WHEREAS, in addition, American Water sought: (i) authorization and approval of the journal entries necessary to record the accounting treatment of the Transaction; (ii) approval of American Water Works Service Company, Inc.’s (“AWWSC”) provision of management services to EDC on an interim basis with such costs being allocated according to the same methodology the Board has approved for similar costs to be allocated to New Jersey American Water Company (“NJ American”), and that a summary of such annual charges to EDC is reported in its Annual Report to the Board; and (iii) Board approval for EDC after Closing to enter into a financial services agreement with American Water Capital Corp. (“AWCC”) with terms substantially similar to the terms of the Board-approved agreement between NJ American and AWCC.

WHEREAS, American Water is not seeking any changes in EDC’s rates or terms of service to customers and has agreed that if the Transaction is consummated, **and EDC will not file a petition with the Board to increase rates to franchise customers or municipal bulk services customers for a period of five (5) years from the closing date.** American Water has further stated that it will honor EDC’s contract with Applied Water Management (“AWM”) for operation of the EDC sewer system and that it intends to negotiate an extension of said agreement.

WHEREAS, Bedminster Township has reviewed the Petition, responses to discovery and has conducted and participated in the discussions in an effort to reach a proposed settlement of all issues in the proceeding.

WHEREAS, all Parties have agreed to reasonably, fully and finally resolve all factual and legal issues in this matter by way of this Stipulation, including Bedminster Township.

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of Bedminster that:

1. The terms and conditions of the Stipulation attached hereto are hereby approved and confirmed.
2. The Township Committee of the Township of Bedminster hereby authorizes William Mosca, Esq., to execute on behalf of the Township the Stipulation.
3. This Resolution shall take effect immediately.

ATTEST:

BEDMINSTER TOWNSHIP COMMITTEE

BY: _____
Judith A. Sullivan
Township Clerk/Administrator

BY: _____
Steven E. Parker, Mayor

CERTIFICATION

I, Judith A. Sullivan, Township Clerk/Administrator of the Township of Bedminster, County of Somerset, State of New Jersey, do hereby certify the foregoing to be a true and exact copy of a Resolution adopted by the Township Committee at a Regular Meeting held on October 5, 2015.

Judith A. Sullivan
Township Clerk/Administrator

Introduced	Seconded	Township Committee	Aye	Nay	Abstain	Absent
		Steven E. Parker, Mayor				
		Bernie Pane				
		Lawrence F. Jacobs				
		Staci Santucci				
		Kenneth Olsen				