

SERVICE FEE SCHEDULE:

Exhibit A

**DISTRIBUTION OF TREATED EFFLUENT
AS RECLAIMED WATER FOR BENEFICIAL REUSE**

The provision of treated effluent for beneficial reuse as permitted in a process shall be deemed a service of MCUA's Wastewater Division. The following fee schedule and conditions shall apply with respect to the use of MCUA's treated effluent ("Treated Effluent") by an approved eligible facility ("User") for NJDEP permitted purposes and who have entered into a Design/Construction Agreement and an Operating Agreement, each as defined herein, with MCUA:

- A. A rate (the "Effluent Rate") for the effluent, metered at the point of delivery, will be imposed upon each User for its acceptance and use of Treated Effluent. The Effluent Rate of \$0.50/1000 gallons shall be effective through December 31, 2016 and will thereafter be adjusted as follows:
- Beginning on January 1, 2017, ("Rate Adjustment Date"), and in each annual period thereafter, the Effluent Rate shall be adjusted ("Rate Adjustment"), by the percentage increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labor, Bureau of Labor Statistics, between the published CPI-U for the month of November 2015 and the published rate for the month of November 2016, rounded to the nearest penny. For subsequent years, the Rate Adjustment shall be the percentage increase or decrease in the CPI-U between the prior November of the relevant contract year and the previous November. By way of example, for the calendar year 2018, the Rate Adjustment shall be the percentage increase or decrease in the CPI-U between November 2016 and November 2017.
 - In addition to the above, Effluent Rate, MCUA shall charge to each User the following relating to the costs incurred by MCUA to construct and operate MCUA facilities to provide the effluent ("Project"):
 - (i) Cost of electricity to operate the Project, as metered at a point agreed between the parties;
 - (ii) Cost of insurance for the Project;
 - (iii) Cost of any chemicals used in the Project;
 - (iv) MCUA's allocated cost to operate and maintain the Project; and
 - (v) The cost of any major and emergency repairs to the Project.
- B. To the extent necessary to allow a User to receive Treated Effluent, MCUA shall design and construct equipment on MCUA property to convey Treated Effluent for permitted purposes to an agreed delivery point on the MCUA property, pursuant to an agreement between MCUA and the User containing appropriate financial and other terms for the design and construction of such equipment (the "Design/Construction Agreement").

- C. The Treated Effluent shall meet the MCUA's current NJPDES Permit NJ0020141 conditions.
- D. Users eligible to receive Treated Effluent at the Effluent Rate shall be those Users that have entered into a Design/Construction Agreement for the construction of necessary equipment, and an Operating Agreement with MCUA ("Operating Agreement") containing the following minimum basic terms and such further provisions as MCUA and the User shall deem necessary and appropriate.
- E. The Operating Agreement shall at a minimum contain the following terms:
- (1) A term up to thirty (30) years, commencing with the first delivery by MCUA of Effluent of sufficient quantity at full normal operation (the "Full Operation Date").
 - (2) MCUA shall recover the Effluent Rate and other charges set forth in Section A hereof.
 - (3) The terms on which the User shall be billed for and shall pay the Effluent Rate shall be monthly, forty-five (45) days net, with a one and one-half percent (1 1/2%) monthly charge on any balance due after forty-five (45) days.
 - (4) No User shall resell or convey Treated Effluent to any person or entity other than MCUA or an MCUA participant sewer utility, without the prior Written consent of MCUA in each instance.
 - (5) Mutually acceptable and customary insurance, indemnity, default, and remedies provisions.
- F. The Design/Construction Agreement shall at a minimum contain the following terms:
- (1) The User shall bear and shall reimburse MCUA for all costs of design and construction of the Project, including all design and construction costs of the Project and the cost of outside legal counsel.
 - (2) A mutually acceptable design and construction schedule for the Project, which MCUA shall develop in consultation with the User.
 - (3) An agreed upon delivery/metering point.
 - (4) Mutually acceptable and customary insurance, indemnity, default, and remedies provisions.
 - (5) Any use agreement connecting to the Project after the Full Operation Date as to the initial user(s), shall include provisions for the reimbursement of all existing user(s) of the Project for the new User's appropriate share of the costs of the design and construction of the Project to the extent existing components of the Project benefit the new User.
- G. The following shall be the procedure to adopt an Effluent Rate:

(1) MCUA shall give at least twenty (20) days notice of a public hearing on the Effluent Rate and other charges in its official newspapers. The Notice shall set forth the Effluent Rate and other charges.

(2) At the public hearing, MCUA shall provide evidence to support the Effluent Rate and other charges, the cost of any outside expert MCUA deems reasonably necessary shall be included in the cost of the Project.

(3) After the public hearing, MCUA shall by Resolution or other lawful action either approve or disapprove the Effluent Rate and other charges.

H. The following shall be the procedure for establishing eligibility for purchase of Treated Effluent by a User pursuant to this Service Fee Schedule;

(1) The user shall file an application with MCUA requesting the use of Treated Effluent for any purposes permitted by MCUA's Permit. MCUA shall advise the user of the information to be provided in the application.

(2) If the application is deemed complete, MCUA shall consider same at its next public meeting,

(3) If the application is approved, MCUA shall commence negotiations with the user and shall enter into a mutually acceptable Design/Construction Agreement and Operating Agreement with the User, containing terms consistent with this Service Fee Schedule.

I. Municipal entities that are direct participants to the MCUA, distribute water within their water franchise area and have infrastructure capable of distributing "Treated Effluent" within their franchise shall have an "Effluent Rate" of 50% of the Effluent Rate stated in Section "A" of this Service Fee Schedule to account for the municipality's administrative, operations and marketing efforts as well as infrastructure investment for the distribution of "Treated Effluent" as permitted by the MCUA's NJPDES Permit. The municipality/direct participant shall charge the end User MCUA's Effluent Rate as a minimum. The municipality shall be responsible for all construction, operation and permit coordination costs of the project and for distribution to each end User. The MCUA shall work with the municipality/direct participant to provide easements on MCUA property where same do not conflict with proposed and existing MCUA facilities and to negotiate any necessary Operating Agreement, Design and Construction Agreement or any other necessary agreement with the municipality for the distribution of Treated Effluent to end Users required by this Service Fee Schedule.