

**NOTICE OF FILING OF PETITION AND OF PUBLIC HEARING
IN THE MATTER OF THE PETITION FOR THE AUTHORIZATION AND SALE
OF THE ASSETS OF THE OUTSIDE WATER SYSTEM OF THE CITY OF
TRENTON AND OTHER RELIEF**

BPU Docket No. WM08010063

OAL Docket No. PUC3514-08

NOTICE IS HEREBY GIVEN that on January 25, 2008, New Jersey American Water Company ("NJAWC" or "Company") and the City of Trenton (the "City") filed a joint petition in the referenced matter with the Board of Public Utilities ("Board") seeking authorization for the sale of certain water system assets of the City to the Company.

The City's water system currently consists of assets utilized to provide water service within the boundaries of the City (the Inside Water Utility System or "IWUS"), and assets providing water service in the Townships of Hamilton, Lawrence, Hopewell and Ewing (collectively, the "Townships"). The water system assets utilized to provide service to the Townships is known as the Outside Water Utility System ("OWUS").

The City and NJAWC (collectively the "Joint Petitioners") seek authorization from the Board for the sale by the City to the NJAWC of the OWUS for One Hundred Million Dollars (\$100,000,000). As part of this transaction, NJAWC will purchase water from the City to service Townships through the OWUS pursuant to a Water Supply Agreement ("WSA"). The Joint Petitioners seek a determination from the Board that the WSA is reasonable and prudent. The Joint Petitioners further seek authorization for the transfer of the City's existing municipal consent ordinances to serve the Townships from the City to NJAWC.

The Joint Petitioners also seek an order from the Board allowing the recovery of all costs associated with the WSA through NJAWC's Purchased Water Adjustment Clause ("PWAC"). The Joint Petitioners further seek authorization that NJAWC be permitted to defer all purchased water costs under the WSA on its books, from the closing of this transaction until NJAWC's next PWAC proceeding.

NJAWC also has pending a petition with the Board in which it seeks a rate increase applicable to all of its customers, including the proposed customers within the Townships.

The Joint Petition also seeks authorization for the City to discontinue service to the Townships and authorization to convert customers within the Townships from quarterly to monthly billing. The Joint Petition further seeks authorization to apply NJAWC'S Board approved rates of depreciation to the assets of the OWUS, authorization to transfer the City's franchises to serve the Townships, and to eliminate a limitation on the duration of the franchises for the Townships of Ewing, Hamilton and Lawrence.

NOTICE is further given that the Board of Public Utilities and the Office of Administrative Law has scheduled a public hearing on the petition at the following time and place:

July 23, 2008
7:00 p.m.
Hamilton Township Municipal Building
Council Chambers, 2nd Floor
2090 Greenwood Avenue
Hamilton, New Jersey 08650

A Hearing officer designated by the Board of Public Utilities will preside over the public hearings. Hearings will continue, if necessary, on such additional dates, and at such locations as the Board of Public Utilities or the office of Administrative Law may designate. Interested parties may appear and present statements or testimony. Such comments will be made a part of the final record in the proceeding. Written comments may be submitted to Kristi Izzo, Secretary of the Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102 and the Rate Counsel, New Jersey Department of the Public Advocate, 31 Clinton Street, 11th Floor, P.O. Box 46005, Newark, New Jersey 07101. Such written comments should contain the Docket Numbers WM08010063 AND PUC3514-08 assigned to this case.

Further information and copies of the Petition may be obtained at the Board Offices located at Two Gateway Center, Newark, New Jersey 07102 or by calling the Company at 856-310-2234.

NEW JERSEY AMERICAN WATER COMPANY

By: John Bigelow, President

CITY OF TRENTON

By: Jane Feigenbaum, Business Administrator, City of Trenton

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