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Exhibit C

SEWER SERVICE AGREEMENT

THIS AGREEMENT, made this 12th day of October, 1988 by and between the HOWELL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY, a public body, duly created pursuant to Chap. 183, L. 1957, known as the "Municipal Utilities Authority Law", N.J.S.A.40:B-1 et seq., having its principal office at P. O. Box 638, Howell Township, New Jersey, hereinafter referred to as the "Authority", and the ADELPHIA SEWER COMPANY, a public utility corporation of the State of New Jersey, having its principal office at Suite 12, Village Mall, Freehold, New Jersey 07728, hereinafter referred to as the "Company";

W I T N E S S E T H:

WHEREAS, the Manasquan River Regional Sewerage Authority (hereinafter referred to as "MRRSA") was created by the adoption of parallel ordinances by the Boroughs of Farmingdale and Freehold and the Townships of Howell, Freehold and Wall, and is a body politic and corporate in the State of New Jersey, which operates an interceptor sewer system and pumping station providing transmission of sewage from the collection system of the creating Municipalities to the Ocean County Utilities Authority facilities; and

WHEREAS, pursuant to service agreements entered into between MRRSA and the Ocean County Utilities Authority (hereinafter referred to as "OCUA"), dated September 16, 1981, the sewage emanating from MRRSA is treated and disposed of by OCUA; and

WHEREAS, the Authority has entered into a service agreement with MRRSA dated June 1979 and revised December 1979, and a supplemental agreement dated February 27, 1980; and

WHEREAS, the Authority is required to have all sewage originating within the Township of Howell, except for that which is disposed of by septic systems, delivered to the MRRSA facilities for treatment and disposal by OCUA; and

WHEREAS, the Authority pursuant to the service agreements, must pay for the transmission, treatment and disposal of sewage in accordance with a schedule of charges promulgated by MRRSA from time to time; and

WHEREAS, pursuant to the terms of the service agreements between the Authority and MRRSA and pursuant to order of the Superior Court in the matter of Manasquan River Regional Sewerage Authority v. Adelpia Sewer Company, et al., Docket No. C-2448-85E dated June 7, 1985, the Authority and Company hereby enter into an agreement to provide for the transmission, treatment and disposal of sewage emanating from the franchise area of the Company within Howell Township.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto agree to and with each other as follows:

1. The Company acknowledges receipt of the service agreement between the Authority and MRRSA dated June, 1979 and revised December 1979, the supplemental agreement between the Authority and MRRSA dated February 27, 1980, and the agreement between MRRSA and OCUA dated September 16, 1981.

2. The Company is hereby bound by virtue of the within agreement to the terms of the agreements between the Authority and MRRSA and MRRSA and OCUA as set forth in Paragraph One above, together with amendatory and supplemental agreements entered into from time to time.

3. The Company shall comply with the Rules and Regulations of MRRSA and OCUA together with supplements and amendments which may be promulgated by the respective bodies from time to time. The Company shall comply with the Rules and Regulations of the Authority, together with supplements and amendments which may be promulgated by the Authority from time to time, as they relate to use by the Company of the facilities of MRRSA and OCUA.

4. The Company has connected directly to the MRRSA facilities and the Company has the right to connect to the MRRSA facilities at other points as may be reasonable and necessary in order to satisfy the needs of its customers in accordance with the Rules and Regulations of MRRSA. By virtue of the direct connection to the MRRSA facilities, the sewage emanating from the Company's franchise area is transmitted, treated and disposed of by MRRSA and OCUA, and is not collected, transmitted, treated or disposed of by the Authority.

5. The sewage transmitted by the Company to the MRRSA facilities for transmission, treatment and disposal is billed to the Authority by MRRSA, and therefore the parties hereto agree to establish a schedule of charges which the Company shall be obligated to pay to the Authority in accordance with the terms and conditions hereinafter set forth. The schedule of charges shall provide for revenues sufficient to pay the service charges imposed by MRRSA and OCUA together with the administrative costs incurred by the Authority.

A. The parties agree that the service charge to the Company shall be based upon the total flow of sewage from the facilities of the Company to the facilities of MRRSA as determined in accordance with Paragraph 5B gallon basis which rate shall not exceed the rate charged to the Authority by MRRSA and OCUA. The Authority may add to this rate an administrative charge in order to reimburse it for the cost of administering this Agreement, which charge shall not exceed fifty (\$50.00) per million gallons. The aforesaid service charge is illustrated by the following mathematical equation:

$$\text{Service Charge} = (\text{Rate per million gallons} + \text{administrative charge}) \times \text{flow in million gallons}$$

B. The parties agree that the most equitable method of measuring the sewage flow subject to the service charge is by measuring the metered water consumption during the autumn and winter months of customers of the Company whose sewage is transmitted by the Company to the MRRSA facilities, and adding thereto an infiltration factor of 15%. As soon as practicable after February 28 of each year (which date is the regular quarterly meter reading date of the Company), the Company shall advise the HTMUA of the total metered water consumption of its customers during the preceding six (6)-month period, which amount shall be multiplied by two (2) in order to produce the annual metered water consumption of the Company. At the same time, the Company shall advise the Authority of the average number of sewer connections in its system, the average annual sewage flow per connection, and the average daily sewage flow per connection. The above sewage flow data shall be used to calculate the initial annual service charge payable to the Authority for the calendar year which began on January 1 by multiplying the average annual flow per connection by the number of connections in service as of January 1 of each year. Said initial annual service charge shall be

payable in equal quarterly installments in accordance with Paragraph 6 below. The Company also shall advise the Authority of all new connections to its system subsequent to January 1 of each year and the daily sewage flow from these new connections shall be presumed to equal the average daily sewage flow per connection computed after the February 28 meter reading. The Authority shall bill for new connections from the date that the unit is first occupied, and not from the date that a Certificate of Occupancy is issued. The operation of this Paragraph is illustrated by Appendix A which uses the Company's sewage flow data from 1987-88.

C. The Authority may provide a surcharge for sewage and other wastes delivered by the Company to the MRRSA facilities in the event that it is determined, from time to time, that the quality and characteristics of the sewage and related wastes pursuant to the Rules and Regulations of MRRSA and OCUA are greater in strength than the concentration values established as representative of normal sewage. Such surcharge shall equal any surcharges or additional charges imposed upon the Authority by MRRSA and OCUA by reason of the quality and characteristics of the sewage and related wastes transmitted by the Company to the MRRSA facilities, and the Company reserves the right to challenge any such surcharge in the appropriate forum having jurisdiction.

6. The Authority shall issue bills for the service charge on or about April 1, July 1, October 1, and January 1 of each year. Payment of the bills by the Company shall be due (within the meaning of N.J.S.A. 40:14B-41, if applicable) 30 days after receipt of the bill from the Authority. In the event that the annual sewage flow is adjusted for any reason after the Company has advised the Authority of same, the Company shall notify the Authority of the adjustment and the next bill from the Authority to the Company for service charges shall reflect the adjustment.

The Company's books and records relating to metered water consumption of its customers shall be available to the Authority for review upon reasonable notice to the Company so that the Authority can verify the data supplied by the Company to the Authority.

7. The Authority may revise the rate per million gallons charged to the Company pursuant to Paragraph 5 above in accordance with the procedures contained in the Municipal Utilities Authority Law, N.J.S.A. 40:14B-1, et seq. The Authority shall notify the Company in accordance with Paragraph 11 below of all proposed revisions of the rate charged to the Company and of the date, time and place of all public hearings held by the Authority with respect to the proposed rate revision at least thirty (30) days prior to any such public hearing. Such revised rate shall become effective nine (9) months after the date of adoption of the revised rate by the Authority or as of the date that the Company's tariff is revised by the New Jersey Board of Public Utilities (BPU), whichever date is earlier.

A. In the event that the Authority adopts any rate revision, the Company shall have thirty (30) days after the date of adoption to determine and to notify the Authority whether it will seek a tariff revision from the BPU to reflect the aforesaid rate revision. In the event that the Company seeks but does not obtain a tariff revision from the BPU within nine (9) months after the Authority adopts the rate revision, the rate revision shall become effective as of the date set forth in this Paragraph 7, but payment of the increase shall be deferred until such time as the Company's tariff is revised by the BPU, provided, however, that the aforesaid deferment of payment shall be available to the Company only if it notifies the Authority of its intention to seek a tariff revision from the BPU within the aforesaid thirty (30) day period and if it pursues the tariff revision

before the BPU diligently and in good faith. The deferred payments shall be payable by the Company commencing as of the effective date of its tariff revision, shall be included as an item in the Authority's regular quarterly bills and shall be paid on a pro rata basis for a six (6) month period after the effective date of the tariff revision.

8. Both the Company and the Authority recognize that there are areas of land in their respective franchise/service areas which are not "improved" with public sewerage service. Both parties also recognize that some of these areas in the Company's franchise area are located very closely or adjacent to areas in the Authority's service area which are improved with public sewerage service, and that some of these areas in the Authority's service area are located very closely or adjacent to areas in the Company's franchise area which are improved with public sewerage service. Both parties further recognize the desirability of making public sewerage service available to such areas where practical. Therefore, the parties agree that in the event public sewerage service is requested for such areas, they will cooperate in good faith to make public sewerage available to such unimproved areas even though such area is not located within its respective franchise/service area). Applications for public sewerage service in such areas shall have their applications reviewed in the following manner:

A. If such unimproved area is located in the Company's franchise area, the Company shall review the application under its regular operating procedures. The Company shall review the application in the ordinary course and, if the application is acceptable but for the fact that, in the construct the necessary lines, mains and other appurtenances necessary to supply such area with public sewerage service, then the Company shall grant

the applicant a conditional approval. Such approval shall be conditioned on the Authority's consent to allow the applicant to connect to the Authority's lines/mains located nearby. The Authority, if requested by applicant, shall in good faith, review the application and based on such good faith review grant consent to such connection. The Authority's consent to such connection may be conditioned upon the applicant paying to the Authority all fees, charges and expenses, including connection fees, payable to the Authority or extensions and connections pursuant to its then existing rules and regulations. Customers in the Company's franchise area connected to the Authority's facilities under this paragraph shall be billed for sewerage service by the Company at the Company's prevailing rates at the time, and the Authority shall bill the Company for the sewerage service provided hereunder at the Authority's then prevailing rates at the time.

2. If such unimproved area is located in the Authority's service area, the Authority shall review the application under its regular operating procedures. The Authority shall review the application in the ordinary course and, if the application is acceptable but for the fact that in the Authority's discretion, it is commercially impractical for the Authority to construct the necessary lines, mains and other appurtenances necessary to supply such are with public sewerage service, then the Authority shall grant the applicant a conditional approval. Such approval shall be conditioned on the Company's consent to allow the applicant to connect to the Company's lines/mains located nearby. The Company, if requested by applicant, shall in good faith, review the application and based on such good faith review, grant consent to such connection. The Company's consent to such connection may be conditioned on the applicant

paying to the Company all fees, charges and expenses payable to the Company for extensions and connections pursuant to its then existing rules and regulations. Customers in the Authority's service area connected to the Company's facilities under this paragraph shall be billed for sewerage service by the Authority at the Authority's prevailing rates at the time, and the Company shall bill the Authority for sewerage service provided hereunder at the Company's then prevailing rates. The Authority may in lieu of payment of such bills to the Company, credit such amounts that may be due hereunder on the bills rendered by the Authority for service charges pursuant to Paragraph 5 above.

C. The foregoing standards and procedures contained in this Paragraph 8 shall be applicable only to individual connections or their equivalent. In the event that a major subdivision development requests service, and the utility in whose franchise/service area the development is located determines that it would be more practicable and feasible for the development to be serviced by the other utility, then the parties hereto agree to consult with each other and the applicant in order to determine the most efficient and economical manner in which to service the applicant's development, consistent with the sound and orderly expansion of their respective systems.

9. The Company hereby agrees to comply with all present and future laws and regulations of MRRSA, OCUA, the State of New Jersey and the United States concerning all sewage and waste disposed and discharged into the MRRSA system.

10. The obligation of the Authority to transmit and dispose of sewage and other waste emanating from the franchise area of the Company in

Howell Township shall only be to the extent allowed and provided for in the service agreements between the Authority and MRRSA and MRRSA and OCUA and the amendments and supplements thereto which may be executed by the Authority, MRRSA and OCUA from time to time.

11. The Authority agrees to forward copies of all correspondence, notices and other documents received from MRRSA and OCUA, or their representatives, to the Company within fifteen (15) days after the Authority's receipt thereof. If the Authority fails to do so, the Company shall not be bound by any directives, orders or requirements of MRRSA and OCUA contained in such documents until such time as the Authority forwards them to the Company.

12. The parties acknowledge that the Authority has billed the Company for interest in an amount in excess of \$20,000.00 from June 1986 to date and that the Company has consistently objected to payment of same since there was no service agreement between the parties as required by the Court Order of June 7, 1985. In a good faith effort to resolve this issue, and in order to avoid litigation, the Authority agrees to release the Company from any obligation to pay this claim.

13. The Company agrees that within six (6) months after the date of this Agreement, it will file a petition with the New Jersey Board of Public Utilities seeking an adjustment of the rates that it charges to its customers as set forth in its existing tariff.

14. All notices shall be deemed to have been given or made when mailed by certified mail, return receipt requested, postage pre-paid, or delivered to the parties, at the addresses listed below, or such other addresses as any such party may designate in writing to the other parties from time to time for such purposes:

Howell Township Municipal Utilities Authority  
P. O. Box 638  
Howell, New Jersey 07731-0580

The Adelpia Sewer Company  
Suite 12, Village Mall  
Freehold, New Jersey 07728

15. This service agreement shall in all respects be governed by and construed in accordance with the laws of the State of New Jersey.

16. The Company shall comply with all directives issued by and requirements of MRRSA and OCUA, issued pursuant to the terms of the Service Agreements as set forth herein.

17. This Agreement may be executed in any number of counterparts, each of which shall be executed by the Authority and by the Company and all of which shall be regarded, for all purposes, as one original, and shall constitute and be one and the same.

18. The said parties do bind themselves and their successors and assigns.

19. If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

20. This Agreement constitutes the entire agreement between the parties concerning the subject matter herein and supercedes all prior

agreements between them, whether written or oral, express or implied. This Agreement may be modified only by a writing duly authorized and executed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement the day and year first above written.

ATTEST:

Don Ryan

HOWELL TOWNSHIP MUNICIPAL  
UTILITIES AUTHORITY

By: [Signature]

ATTEST:

Margaret M. Hark

ADELPHIA SEWER COMPANY

By: [Signature]  
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APPENDIX A

<u>Quarter Ending</u>	<u>Metered Water Consumption (in 000's)</u>	<u>Number of Connections</u>
11/30/87	14,685	1360
02/29/88	<u>13,367</u>	1411
	28,052	
Annual Metered Water Consumption (28,052,000 x 2)		56,104,000
Infiltration (15%)		<u>+8,416,000</u>
Total Annual Sewage Flow		64,520,000
Average Number of Connections (9/1/87 to 2/29/88)		1386
Average Annual Sewage Flow Per Connection		46,551
Average Daily Sewage Flow Per Connection		127.54
Number of connections as of January 1, 1988		1360
Total Initial Sewage Flow for 1988 (46,551 x 1360)		63,309,360
HTMUA Service Rate \$4388 per million gallons		63,309,360
		<u>x \$4388</u>
Annual Service Charge Payable to HTMUA		\$277,801.47
Quarterly Service Charge		\$ 69,450.37
Service Charge for New Connections Added During the Year	\$ .5596 per connection per day	