



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*  
*www.nj.gov/bpu*

IN THE MATTER OF THE PETITION OF )	
AQUA NEW JERSEY, INC. FOR AUTHORITY )	<u>WATER</u>
1) TO MAKE, EXECUTE AND DELIVER TO )	
U.S. BANK, NATIONAL ASSOCIATION, AS )	AMENDMENT TO
TRUSTEE, A SUPPLEMENTAL INDENTURE )	ORDER OF APPROVAL
TO AN ORIGINAL INDENTURE AS OF )	
OCTOBER 1, 1957, AND (2) TO ISSUE UP )	DOCKET NO. WF07030196
TO \$4,000,000 PRINCIPAL AMOUNT OF )	
FIRST MORTGAGE BONDS )	

(SERVICE LIST ATTACHED)

BY THE BOARD:

Aqua New Jersey, Inc. ("Company" or "Petitioner"), a public utility of the State of New Jersey, by a petition filed on March 9, 2007, pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, requested authority to:

1. Make, execute and deliver to U.S. Bank, National Association, as Trustee, Supplemental Indenture Q to an original Indenture dated as of October 1, 1957;
2. Issue up to \$4,000,000 principal amount of First Mortgage Bonds Series T ("Series T Bonds") by private placement.

Petitioner stated that the purpose of the issuance of the Series T Bonds was to permit the Company to refinance existing debt, specifically the Series H First Mortgage Bonds (the "Series H Bonds"). Petitioner noted that the proposed Series T Bonds will have an interest rate of 5.8%, while the Series H Bonds had an interest rate of 9.73%. Petitioner stated that redeeming the Series H Bonds and replacing them with lower cost debt would yield significant savings.

On August 22, 2007, the Board issued an Order authorizing the issuance of the Series T Bonds, but limiting the use of the proceeds of that issuance solely to the refinancing of the Series H Bonds.

On October 26, 2007, Petitioner filed a letter seeking clarification of certain aspects of the Board's Order in this docket. Specifically, the Company indicated that shortly after obtaining Board approval for the issuance of the Series T Bonds, the Company determined that it would be unable to complete the issuance of the Series T Bonds prior to the mid-September redemption date for the Series H Bonds. The Company indicated that the Series H Bonds may

only be redeemed on two dates each year, one in mid-March and the second in mid-September. Thus, the Company stated that failure to redeem the Series H Bonds in mid-September would result in the Company foregoing a portion of the interest rate savings previously identified to the Board. Consequently, the Company elected to redeem the Series H Bonds in mid-September using short-term debt. Upon issuance of the Series T Bonds, the Company intends to utilize the proceeds of the new Series T Bonds to refinance this short-term debt. The Company indicates, however, that the Board's August 22, 2007 Order does not contemplate the issuance of short-term debt on an interim basis, and appears to restrict the use of the proceeds of the Series T Bonds. Consequently, the Company has requested that the Board clarify its August 22, 2007 Order to acknowledge that the Company has redeemed the Series H Bonds using short-term debt, and to further authorize the Company to use the proceeds of the Series T Bonds to repay the short-term debt incurred to redeem the Series H Bonds.

Based on its review of the proposed financing and the requested clarification, the Board concludes that the proposed issuance of the Series T Bonds will be in the best interest of Petitioner's customers.

The Division of Rate Counsel does not oppose the requested clarification.

The Board, after investigation in this matter, being satisfied with the actions sought to be taken by Petitioner, FINDS that the proposed transactions are to be made in accordance with law, are in the public interest, and approving the purposes hereof, HEREBY ORDERS that Petitioner be, and is HEREBY AUTHORIZED to issue and sell up to \$4,000,000 principal amount of First Mortgage Bonds Series T by private placement.

This Order is issued subject to the following provisions:

1. The Board's approval is limited to the offering of Series T Bonds in an amount not to exceed \$4,000,000 for sale on a long term basis of between 5 and 30 years, at an interest rate not to exceed 6.0%, through private placement. If such terms are not obtainable through private placement, Petitioner shall forthwith submit to the Board the proposed terms of sale and verify that the terms of the offer which Petitioner proposes to accept are reasonable.
2. The Board acknowledges that the Petitioner has redeemed the Series H Bonds using available short-term debt. The Board further acknowledges that the proceeds of the Series T Bond offering will be used to refinance the short-term debt issued in conjunction with the redemption of the Series H Bonds, and hereby authorizes the Petitioner to use the proceeds of the Series T Bond offering for this purpose.
3. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
4. This Order shall not be construed as a certification that the securities offered for sale will be represented by tangible or intangible assets of commensurate value or investment cost.

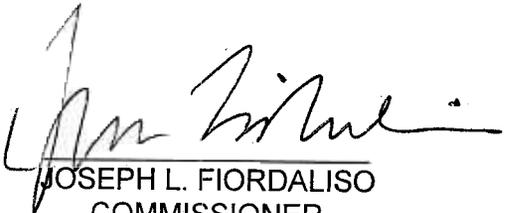
5. This Order shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting Petitioner.
6. The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by December 31, 2007.

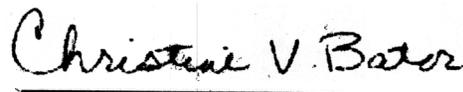
DATED: 12/6/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

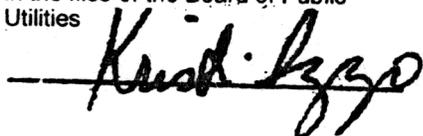
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



**SERVICE LIST**

**IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR AUTHORITY 1) TO MAKE, EXECUTE AND DELIVER TO U.S. BANK, NATIONAL ASSOCIATION, AS TRUSTEE, A SUPPLEMENTAL INDENTURE TO AN ORIGINAL INDENTURE AS OF OCTOBER 1, 1957, AND (2) TO ISSUE UP TO \$4,000,000 PRINCIPAL AMOUNT OF FIRST MORTGAGE BONDS**

**Docket No. WF07030196**

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