



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.bpu.state.nj.us](http://www.bpu.state.nj.us)**

IN THE MATTER OF THE PETITION OF )  
AQUA NEW JERSEY, INC. FOR AUTHORITY ) WATER  
1) TO MAKE, EXECUTE AND DELIVER TO )  
U.S. BANK, NATIONAL ASSOCIATION, AS ) ORDER OF APPROVAL  
TRUSTEE, A SUPPLEMENTAL INDENTURE )  
TO AN ORIGINAL INDENTURE AS OF ) DOCKET NO. WF07030196  
OCTOBER 1, 1957, AND (2) TO ISSUE UP )  
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 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, requests 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 ("Bonds") by private placement.

Petitioner states that it proposes to offer the First Mortgage Bonds Series T for sale through private placement due to the relatively small size of the issue, and the fact that Petitioner's securities are privately held and not publicly traded. Petitioner is not required to file reports with the Securities and Exchange Commission and is not followed by securities analysts, and therefore, the Company is not widely known in the securities market. Furthermore, Petitioner states that the costs of a public offering would be substantially higher due primarily to higher underwriting fees, legal fees, and costs associated with such a public offering. Petitioner estimates that the costs of offering the Bonds through private placement will be approximately \$134,000 lower than that of the public offering. The Board, in its Orders in Docket Nos. WF95080369, WF02060360, WF04111415 and WF06060465, previously authorized Petitioner to issue similar bonds through private placement.

Petitioner states that the proceeds of the issuance will be used to refinance existing debt and will reduce its interest expense and cost of capital by approximately \$142,000 annually over the

remaining life of the loan. Taking into consideration the redemption premium as well as the issuance expense, the Company expects to realize a net present value savings of \$2,360,000. The net present value of savings over the life of the Series T debt after netting the premium and costs of issuance is expected to be approximately \$694,000.

The policy of the Board has been to encourage competitive bidding for the sale of a utility's securities, unless it can be shown that through another method of sale, such as a negotiated public offering or private placement, there would be significant cost savings. These savings should be to the benefit of the ratepayers and the method of sale should be advantageous to the utility.

The Division of Rate Counsel has reviewed this matter and is not opposed to its approval subject to the provisions stated below.

Based on its review of the proposed financing, the Board concludes that the proposed issuance of the Bonds will be in the best interest of Petitioner's customers. The proposed method of sale appears to be the most appropriate for Petitioner at this time and should provide maximum flexibility for the marketing of the securities at the lowest possible cost.

The Board, after investigation in this matter, being satisfied with the action 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:

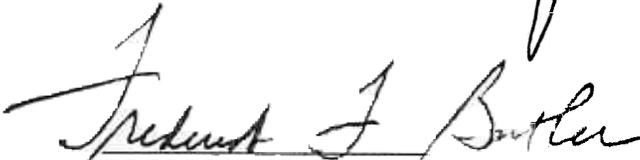
1. This Board's approval is limited to the offering of 2007 Bonds in the amount not to exceed \$4,000,000 for sale on a long-term basis, at an interest rate of no more than 6.0%, through Private Placement.
2. The Board's approval is expressly limited to the offering of Series T Bonds for sale on a long term basis of between 5 and 30 years, at an interest rate not to exceed 6.0%. 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.
3. No franchise or right is proposed to be capitalized, directly or indirectly, as a result of, or in connection with the sale of the securities referred to herein.
4. 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.

5. The proceeds of the proposed financing are expressly limited to the refinancing of the Series H First Mortgage Bonds with an outstanding principal amount of \$3.8 million and a redemption premium of \$177,156.
6. 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.
7. 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.
8. 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: 8/22/07

BOARD OF PUBLIC UTILITIES  
BY:

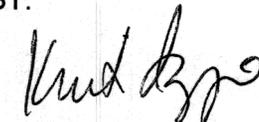
  
JEANNE M. FOX  
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FREDERICK F. BUTLER  
COMMISSIONER

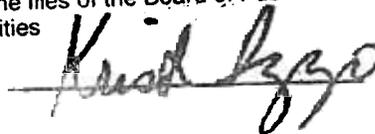
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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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