



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

DIVISION OF WATER

IN THE MATTER OF THE PETITION OF AQUA)
NEW JERSEY, INC. FOR AUTHORITY TO BORROW)
UP TO \$2,080,000 AND TO ISSUE EVIDENCE OF)
INDEBTEDNESS PURSUANT TO THE NEW JERSEY)
ENVIRONMENTAL INFRASTRUCTURE TRUST)
FINANCING PROGRAM)

ORDER OF APPROVAL

DOCKET NO. WF08060422

(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 with the New Jersey Board of Public Utilities ("Board") on June 16, 2008, pursuant to N.J.S.A. 48:3-7 and 48:3-9 and N.J.A.C. 14: 1-5.9, requesting authority to:

- (a) Borrow up to \$2,080,000 from the New Jersey Environmental Infrastructure Trust ("Trust") and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection ("State"), and to make, execute and deliver to the Trust and the State, any and all documents required in connection therewith;
- (b) Make, execute and deliver to U.S. Bank National Association, as Trustee, a Supplemental Indenture to an original indenture dated as of October 1, 1957, for the purpose among other things, of describing the terms of Petitioner's First Mortgage Bonds in one or more series (hereinafter the "Company's Bonds"); and
- (c) Issue and deliver to the Trust and the State up to a combined total of \$2,080,000 principal amount of the Company's Bonds, due 2028. The Company's Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds, which are intended to be sold by competitive bidding.

Petitioner requests that the relief set forth in Paragraphs (a) through (c) above be granted by the Board without the requirement for any further Board Order as to pricing, and that the petition be reviewed on an expedited basis so that the Petitioner will be able to comply with the Trust's application time frames.

The Trust will issue and sell its tax-exempt bonds, and the proceeds, together with other State monies, will be used to create a fund available for loans to qualified borrowers, all pursuant to the 2008 New Jersey Environmental Infrastructure Trust Financing Program. Loans to various entities, including the loans to the Petitioner, will be made from the loan fund. Petitioner proposes to issue and deliver its Bonds to the Trust and the State as security for the Loans from the Trust and the State to Petitioner in an amount up to \$2,080,000. The Trust Bonds will be sold through one or more underwriters selected by competitive bid with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the issuance of the Company's Bonds will be used by Petitioner to finance the installation of radium treatment facilities at Wells #14 and #15 in the Company's Southern Division, and to pay any issuance expenses and related costs.

Petitioner has stated that, in compliance with N.J.S.A. 48:3-5, no franchise or right will be capitalized directly or indirectly by the issuance of its Bonds.

By letter dated June 26, 2008, Rate Counsel stated that due to the short time frame for review, it would not be taking a position on this application.

As mandated in the Trust's Financial Addendum Form, to qualify for participation in the 2008 bond issuance, the request for approval to utilize Infrastructure Trust Fund Financing must be heard by the Board no later than at the July 11, 2008 hearing.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, is satisfied that the proposed transactions to be undertaken by Petitioner, as indicated above, are in accordance with law, and are in the public interest. The Board therefore AUTHORIZES Petitioner to:

- a) Borrow up to \$2,080,000 from the New Jersey Environmental Infrastructure Trust and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and to make, execute and deliver to the Trust and the State, any and all documents required in connection therewith;
- b) Make, execute and deliver one or more Supplemental Indentures of Mortgage to U.S. Bank National Association, as Trustees; and
- c) Issue and deliver to the Trust and the State up to \$2,080,000 principal amount of First Mortgage Bonds, due 2028.

Based on the competitive nature of the proposed offering process, the Board hereby FINDS that no further Order as to pricing of the transaction is required.

This Order is issued subject to the following provisions:

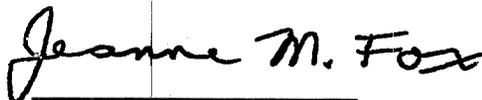
- 1) This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment cost.

- 2) This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any further petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.
- 3) Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (60) days following the closing date for the transaction.
- 4) Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
- 5) The Bonds herein authorized to be issued shall not be redeemed at a premium, prior to maturity, without further Board approval.
- 6) The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before December 31, 2008.

DATED:

7/14/08

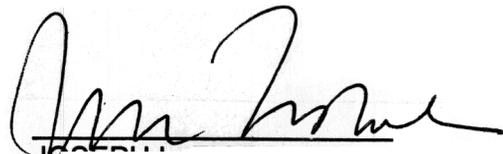
BOARD OF PUBLIC UTILITIES
BY:



 JEANNE M. FOX
 PRESIDENT



 FREDERICK F. BUTLER
 COMMISSIONER



 JAMES J. ...
 COMMISSIONER



 NICHOLAS ASSELTA
 COMMISSIONER



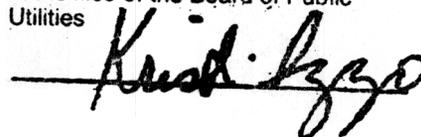
 ELIZABETH RANDALL
 COMMISSIONER

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
Docket No. WF08060422

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