



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)	ORDER OF APPROVAL
NEW JERSEY, INC. FOR AUTHORITY TO BORROW)	
UP TO \$1,300,000 AND TO ISSUE EVIDENCE OF)	
INDEBTEDNESS PURSUANT TO THE NEW JERSEY)	
ENVIRONMENTAL INFRASTRUCTURE TRUST)	
FINANCING PROGRAM)	DOCKET NO. WF10050317

(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 May 6, 2010, pursuant to N.J.S.A. 48:3-7 and 48:3-9 and N.J.A.C. 14: 1-5.9, requested authority to:

- (a) Borrow up to \$1,300,000 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 \$1,300,000 principal amount of the Company's Bonds, due December 31, 2030. 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.

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, pursuant to the 2010 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 \$1,300,000. 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 Well #14 in the Company's Central Division, and to pay any issuance expenses and related costs associated with that project or this funding.

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.

The Division of Rate Counsel has reviewed the Petition and the accompanying financial exhibits and does not oppose approval of the matters contained therein.

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. Most notably, the Board is cognizant of the low interest rate available to the Company through the Trust and welcomes the attempt by the Company to limit the financial impact of this funding upon its ratepayers. The Board therefore HEREBY AUTHORIZES Petitioner to:

- a) Borrow up to \$1,300,000 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 \$1,300,000 principal amount of First Mortgage Bonds, due December 31, 2030.

This Order is issued subject to the following provisions:

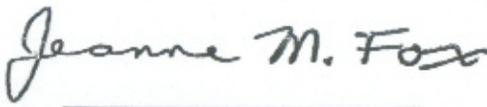
- 1) This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner;
- 2) This Order shall not affect nor in any way limit the exercise of the authority of this Board or 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) This Order shall not be construed as certification that the Loan herein authorized will be represented by tangible or intangible assets of commensurate value or investment cost.

- 4) 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.
- 5) Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
- 6) The Bonds herein authorized to be issued shall not be redeemed at a premium, prior to maturity, without further Board approval.
- 7) This Board's approval is expressly limited to the Loan described herein and as more fully described in the Petition and supporting documents.

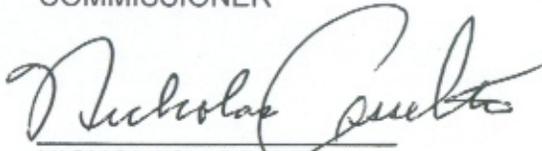
DATED: 6/21/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

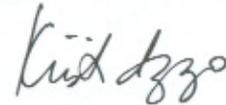

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

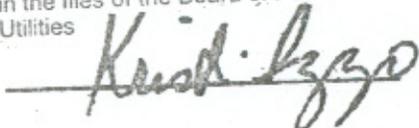

NICHOLAS ASSELTA
COMMISSIONER


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. WF10050317

**In the Matter of the Petition of Aqua New Jersey, Inc. for Authority To Borrow Up To
\$1,300,000 And To Issue Evidence Of Indebtedness Pursuant To The New Jersey
Environmental Infrastructure Trust Financing Program**

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