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October 22, 2013

VIA FEDERAL EXPRESS

Hon. Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Re: I/M/O the Petition of Aqua New Jersey, Inc. for Authority to
Enter into Long-Term Debt in an Amount Up to \$12,000,000
BPU Docket No. WF13100959

Dear Secretary Izzo:

On behalf of Aqua New Jersey, Inc. (the "Company"), enclosed for filing please find an original and 10 copies, plus one additional copy, of a Petition initiating the above-referenced matter. Kindly stamp the additional copy "filed" and return it in the self-addressed, stamped envelope.

Please contact me if you have any questions regarding this request. Thank you for your attention to this matter.

CMS
Beslow(z)
DAG
RPA
B. WOJCIAK
M. KAMMER
Water (4)
Enclosures

cc: Service List (w/encls.)

Respectfully submitted,

Colleen A. Foley
Colleen A. Foley

**IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR
AUTHORITY TO ENTER INTO LONG-TERM DEBT
IN AN AMOUNT UP TO \$12,000,000**

BPU DOCKET NO.: WF1310 _____

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY, INC. FOR AUTHORITY
TO ENTER INTO LONG-TERM DEBT IN AN
AMOUNT UP TO \$12,000,000

PETITION
DOCKET NO. WF1310 _____

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Aqua New Jersey, Inc. (the "Petitioner" or the "Company"), respectfully submits this Petition pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14: 1-5.9, and shows that:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board" or "BPU"), and maintains its principal business offices at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. In this Petition, Petitioner seeks authority pursuant to N.J.S.A. 48:3-9, and N.J.A.C. 14:1-5.9, to undertake the following actions: (1) to make, execute and deliver to Aqua America, Inc. a note for long-term debt in a principal amount up to \$12,000,000; and (2) to take such actions as are necessary to effectuate the transaction described herein.

3. The proceeds derived from the proposed transaction will be used to refinance existing debt and to convert existing short-term debt into long-term debt. Petitioner has used the existing short-term debt as interim financing for its construction work in progress.

4. The proposed debt has been issued by Petitioner's corporate parent, Aqua America, Inc., and will be downstreamed to the Company upon the Board's approval of the

requests made herein. The Company proposes to execute a note with its parent for all or a portion of the \$12 million unsecured debt with a 15-year term at a 4.40% coupon rate.

5. In the past, Petitioner has issued bonds for sale through a private placement due to the relatively small size of the Company's debt issuance, as well as the fact that Petitioner's stock is not publicly traded. Petitioner does not file SEC reports, is not followed by securities analysts, and is not widely known in the securities markets. In this request, the Company will not be issuing debt directly but rather is seeking Board approval to participate in a debt issuance that was done at the parent company level and will be downstreamed by Aqua American, Inc. to the Company. The Company believes there are significant advantages to this approach. Aqua America, Inc. is well-known in the financial markets and has garnered numerous analyst ratings which allow it to attract more competitive bids from more potential investors than the Company. Additionally, the costs of completing this transaction at the parent level are anticipated to be less than those previously incurred in the Company's private placements of debt and public offerings. An estimate of savings is contained in Exhibit J.

6. To comply with the Board's regulations, we attach hereto the following exhibits which are incorporated herein by reference:¹

- | | |
|-----------|--|
| Exhibit A | Issuance timetable for the unsecured notes; |
| Exhibit B | Statement of interest coverage actual and pro forma for the twelve months ended December 31, 2012; |
| Exhibit C | Draft of a proposed form of Order; |
| Exhibit D | Balance Sheet as of December 31, 2012; |
| Exhibit E | Statement of Income for the twelve months ended December 31, 2012; |

¹ Please note that all financial information is provided as of December 31, 2012, and the Company's most recent audited financial statement as of that date.

- Exhibit F Capitalization Statement reflecting actual and pro forma capitalization ratios as of December 31, 2012;
- Exhibit G Statement of Cash Flows for the year ended December 31, 2012;
- Exhibit H Statement reflecting use of proceeds from the proposed financing;
- Exhibit I Security Basis Statement at December 31, 2012;
- Exhibit J Estimated cost savings achieved by execution of notes.

The following additional information regarding the financial condition of the Petitioner at December 31, 2012 is submitted for the Board's consideration:

- a. Total authorized common stock is 800,000 shares (\$5 par value) of which there are 720,625 shares issued and outstanding;
- b. There is no issued and outstanding preferred stock;
- c. There is no short term debt outstanding as of December 31, 2012;
- d. Dividends paid in the calendar year 2012 amounted to \$1,400,000;
- e. The following series (with their issue dates and original principal amounts indicated) were issued and outstanding as of December 31, 2012:

Series K issued November 21, 1995, in the principal amount of \$7,500,000;
Series L issued October 1, 2000, in the principal amount of \$3,473,961;
Series N issued April 15, 2003, in the principal amount of \$5,330,000;
Series O issued April 15, 2003, in the principal amount of \$1,670,000;
Series P issued October 15, 2004, in the principal amount of \$1,300,000;
Series Q issued October 15, 2004, in the principal amount of \$1,135,000;
Series R issued December 23, 2004, in the principal amount of \$5,000,000.
Series S issued December 15, 2006, in the principal amount of \$6,000,000.
Series T issued December 12, 2007, in the principal amount of \$3,800,000.
Series U issued November 6, 2008, in the principal amount of \$985,000.
Series V issued November 6, 2008, in the principal amount of \$971,000.
Series W issued December 2, 2009, in the principal amount of \$295,000.
Series X issued December 2, 2009, in the principal amount of \$883,000.
Series Y issued March 10, 2010, in the principal amount of \$230,000.
Series Z issued March 10, 2010, in the principal amount of \$706,624.
Series AA issued December 2, 2010, in the principal amount of \$430,000.
Series BB issued December 2, 2010, in the principal amount of \$425,262.
Series CC issued May 3, 2012, in the principal amount of \$780,000;
Series DD issued March 28, 2012, in the principal amount of \$1,282,525

Note from Parent issued December 15, 2008, in the principal amount of \$9,900,000.

Note from Parent issued December 31, 2012, in the principal amount of \$8,960,000.

7. Petitioner intends to supplement this petition and to furnish such other and additional information as may be required by the Board, including a copy of a resolution of its Board of Directors authorizing the issuance.

8. No franchise or right is proposed to be capitalized, directly or indirectly, as a result of, or in connection with, the proposed execution of the transaction described herein.

9. All notices and communications with respect to this proceeding should be sent to:

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(Phone) 973-286-6700
(Fax) 973-286-6800
cfoley@saul.com

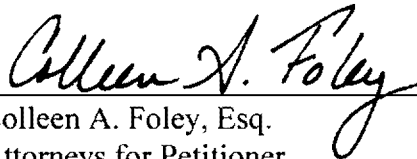
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Susan T. Rauth
Controller
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691
(Phone) 609-587-4080
STRauth@aquaamerica.com

WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the Board authorize the Petitioner: (1) to make, execute and deliver to Aqua America, Inc. a note for

long-term debt in an amount up to \$12,000,000 principal amount; and (2) to take such actions as are necessary to effectuate the transaction described herein.

Respectfully submitted,
Saul Ewing LLP

By: 
Colleen A. Foley, Esq.
Attorneys for Petitioner
Aqua New Jersey, Inc.

Dated: October 22, 2013

VERIFICATION


STATE OF NEW JERSEY)
 :
COUNTY OF MERCER)

SUSAN T. RAUTH, of full age, being duly sworn, upon her oath, deposes and says:

- 1. I am the Controller of Aqua New Jersey, Inc., and in that capacity I am authorized to make this Verification on behalf of the Petitioner in this matter.

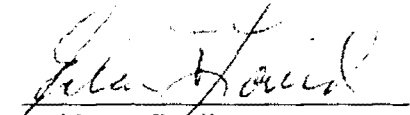
- 2. I have reviewed the within Petition and exhibits thcreto, and the same are true and correct to the best of my knowledge, information and belief.

- 3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



Susan T. Rauth

Sworn to and subscribed before me
this 21st day of October, 2013.



Notary Public
My Commission Expires: December 19, 2017

