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State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL.
P.O. BOX 003
TRENTON, NEW JERSEY 08625

BOARD OF PUBLIC UTILITIES
MAIL ROOM

STEFANIE A. BRAND
Director

REC'D
DEC 6 AM 7 56
CHRIS CHRISTIE
Governor
KIM GUADAGNO
Lt. Governor
BPU
CASE MANAGEMENT

December 3, 2013

Via E-Mail & First Class Mail

Kristi Izzo, Secretary
State of New Jersey, Board of Public Utilities
44 South Clinton Street, - 9th Floor
P.O. Box 350
Trenton, New Jersey 08665-0350

RE: 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. WF13100959

Dear Secretary Izzo:

Please accept for filing an original and ten copies of the Division of the Rate Counsel's ("Rate Counsel") comments regarding the above referenced matter. Enclosed is one additional copy. Please date stamp the copy as "filed" and return it in the return stamped envelope provided. Thank you for your consideration and attention to this matter.

On October 22, 2013, Aqua New Jersey, Inc ("Aqua" or "Company") filed a Petition with the State of New Jersey, Board of Public Utilities ("BPU" or "Board"), requesting its approval to make, execute and deliver to Aqua America, Inc a note for long-term debt in a principle amount up to \$12,000,000. Aqua America, Inc., is the corporate parent of the Company. The proposed debt will be down streamed to the Company upon the Board's approval of this Petition. The Company states that it believes there are significant advantages to this approach citing the name recognition of Aqua American, Inc., in the financial markets as one. In addition the Company asserts that the

OCMS
Stefanie A. Brand
Service Unit Chief
Water 50th Floor

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.

The Company states that 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. The Petitioner explains that it has used the existing short-term debt as interim financing for its construction work in progress.

The Division of Rate Counsel does not object to approval of the Company's application based on its review of the Petition and Petitioner's responses to Board's Staff data requests 1 through 8.

Approval of the Petition should not include authorization to include in rate base any specific assets to be included in the Company's rate base. The determination of whether assets are appropriate for inclusion in rate base should be deferred to a future base rate case proceeding.

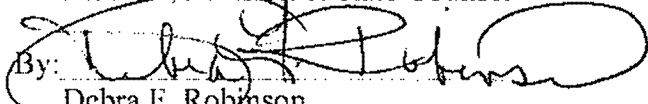
The Division of Rate Counsel proposes that any BPU Order approving Aqua's Petition contain the following language:

1. The 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 costs.
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 future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
3. The Company shall submit a schedule indicating complete details of the issuance costs/total fees for this transaction no later than thirty (30) days following the closing date for this transaction.

These provisions will satisfy the concerns of Rate Counsel that BPU approval is limited to the transaction specifically described herein, and should not indicate authorization to include any specific assets or amounts in rate base, or indicate authorization for any other ratemaking treatment.

Very truly yours,

Stefanie A. Brand
Director, Division of Rate Counsel

By: 
Debra F. Robinson
Deputy Rate Counsel

DFR:iaa
c: Service List

**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**

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** Receives all correspondence
except discovery.*