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BOARD OF PUBLIC UTILITIES
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State of New Jersey
DIVISION OF RATE COUNSEL
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P.O. BOX 003
TRENTON, NEW JERSEY 08625

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

February 27, 2015

Via Electronic and Regular Mail

Mr. Kenneth Sheehan, Secretary
State of New Jersey, Board of Public Utilities
44 South Clinton Avenue, 9th FL
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of the Application of Fayson Lake Water Company for the *Nunc Pro Tunc* Approval of Entry into a Loan Agreement; Issuance of a Note; Grant of Security and Other Appropriate Relief
BPU DOCKET NO.: WF14121411 WF14121444

Dear Secretary Sheehan:

Please accept for filing an original and eleven copies of the Division of 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 to the courier. Thank you for your consideration and attention to this matter.

Fayson Lake Water Company ("Fayson Lake" or "Company") filed a Petition on December 27, 2014 with the Board of Public Utilities (the "Board"), seeking *nunc pro tunc* approval to enter into a loan agreement with Highlands State Bank ("Agreement"); issue a Note, the grant of security and for such other relief as may be appropriate. On or about April 30, 2014, Fayson Lake entered into the Agreement. The Agreement provided for a loan to the Company in the amount of \$1,550,000 as evidenced by the Grid Promissory Note ("Note"). Security for the Note is provided by a Construction Mortgage ("Mortgage"). Copies of all documents have been provided by the Company as attachments to the filing. Upon the closing, a prior loan was paid, expenses of the loan transaction were satisfied, with the remaining proceeds available for construction projects and related expenses.

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4 EXTRA COPIES/water

The Division of Rate Counsel ("Rate Counsel") has reviewed this filing, together with responses to BPU Staff issued data requests and the accompanying Exhibits A through G submitted in support of the Company's application. Rate Counsel does not object to approval of the matters contained therein.

Rate Counsel recommends that any Board Order approving the Company's Petition contain the following language:

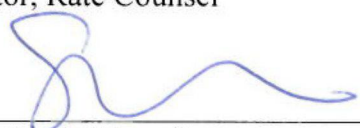
1. This Board's approval is expressly limited to the Agreement, Note and Mortgage described herein and as more fully described in the Petition and supporting documents.
2. This Order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, any value of any tangible or intangible assets now owned or hereafter to be owned by 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. This Order shall not affect nor in any way limit the exercise of the authority of the Board or the State of New Jersey, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

These provisions will satisfy the concerns of the Division of Rate Counsel that BPU approval is limited to the Loan and accompanying documents as 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, Esq.
Director, Rate Counsel

By: _____


Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

SEM:iaa

c: Service List

**I/M/O THE APPLICATION OF
FAYSON LAKE WATER CO., FOR
THE NUNC PRO TUNC APPROVAL
OF ENTRY INTO A LOAN
AGREEMENT; ISSUANCE OF A
NOTE; GRANT OF SECURITY AND
OTHER APPROPRIATE RELIEF
BPU DOCKET NO. WF14121411**

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****Receives all correspondence
except discovery.***

*****Receives all documents by
e-mail only.***