

3. On May 8, 2019, Essential (then Aqua America, Inc.) redeemed \$313.5 million of its outstanding debt, of which, Petitioner was allocated \$59.385 million in the most recent note issued December 31, 2018 by Essential to Petitioner (the “December Note”). Of the \$60.885 million long-term debt currently outstanding under the December Note, only \$1.5 million will remain under its current terms after the proposed transactions. That amount is not at issue here.

4. The current weighted average interest rate on the \$59.385 million of debt outstanding is 4.13% with an average remaining life of 7 years. The weighted average interest rate on the proposed New Debt and the Refinanced Debt will be 3.96% with an average remaining life of 20 years. The proposed refinancing will create annual interest expense savings of approximately \$101,000.

5. The proceeds derived from the New Debt issuance will be used to rebalance the Company’s capital structure. The New Debt and the Refinanced Debt has been issued by Petitioner’s corporate parent, Essential, and will be downstreamed to the Company upon the Board’s approval of the requests made herein.

6. The Company proposes to execute a note with its parent for the Refinanced Debt (of \$59.385 million) and up to the \$25.0 million of unsecured New Debt (for a total amount of \$85,885,000), pursuant to the following terms:

Proposed Terms for Refinanced Debt

| <u>Structure</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------|----------------------|----------------------|-------------------|
| Sr. Unsecured Note | 3.566% | 5/1/2029 | \$26,393,333 |
| Sr. Unsecured Note | 4.276% | 5/1/2049 | <u>32,991,667</u> |
| Sub Total | | | \$59,385,000 |

Proposed Terms for New Debt

| <u>Structure</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------|----------------------|----------------------|-------------------|
| Sr. Unsecured Note | 3.566% | 5/1/2029 | \$11,111,111 |
| Sr. Unsecured Note | 4.276% | 5/1/2049 | <u>13,888,889</u> |
| Sub Total | | | \$25,000,000 |

Previously Issued Debt

| | | | |
|--------------------|-------|-----------|---------------------|
| Sr. Unsecured Note | 3.57% | 11/3/2041 | \$1,500,000 |
| Total | | | \$85,885,000 |

7. In the past, Petitioner has issued bonds for sale through a private placements. However, due to the relatively small size of the Company's debt issuance, it is less economically favorable to issue debt under the Company's name. Petitioner's debt is less marketable because it 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 Essential to the Company.

8. The Company believes there are significant advantages to this approach. Essential is well-known in the financial markets, maintains credit ratings with two national credit rating agencies, 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 these transactions at the parent level (through private and public offerings) are anticipated to be less than those previously incurred in the Company's private placements of debt. An estimate of savings is contained in Exhibit J.

9. To comply with the Board's regulations, attached hereto are the following exhibits which are incorporated herein by reference:

- | | |
|-----------|---|
| Exhibit A | Issuance timetable for the unsecured note. |
| Exhibit B | Statement of interest coverage actual and pro forma for the twelve months ended December 31, 2019; |
| Exhibit C | Draft of a proposed form of Order; |
| Exhibit D | Balance Sheet as of December 31, 2019; |
| Exhibit E | Statement of Income for the twelve months ended December 31, 2019; |
| Exhibit F | Capitalization Statement reflecting actual and pro forma capitalization ratios as of December 31, 2019; |

- Exhibit G Statement of Cash Flows for the year ended December 31, 2019;
- Exhibit H Statement reflecting use of proceeds from the New Debt financing;
- Exhibit I Security Basis Statement at December 31, 2019;
- Exhibit J Estimated cost savings achieved by execution of note.

10. The following additional information regarding the financial condition of the Petitioner at December 31, 2019 is also 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, 2019;

(d) Dividends paid in the calendar year 2019 amounted to \$425,000;

(e) The following series (with their issue dates and original principal amounts indicated) were issued and outstanding as of December 31, 2019:

Series L issued October 1, 2000, in the principal amount of \$3,473,961; 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 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 \$294,000. Series Y issued March 10, 2010, in the principal amount of \$230,000. Series Z issued March 10, 2010, in the principal amount of \$235,542. Series AA issued December 2, 2010, in the principal amount of \$430,000. Series BB issued December 2, 2010, in the principal amount of \$212,631. Series CC issued May 3, 2012, in the principal amount of \$780,000; Series DD issued March 28, 2012, in the principal amount of \$855,017

Note from Parent issued December 31, 2018, in the principal amount of \$60,885,000.²

11. Petitioner intends to supplement this Petition and to furnish such other and additional information as may be required by the Board.

12. 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.

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

Courtney L. Schultz, Esq.
Saul Ewing Arnstein & Lehr LLP
1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
(Phone) 215-972-7717
(Fax) 215-972-1839
Courtneys.Schultz@saul.com

Dawn Peslak
Controller
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691
(Phone) 609-587-4080
dpeslak@aquaamerica.com

14. The Company respectfully requests that the Board retain jurisdiction of this matter in order to ensure the prompt resolution of this matter and the availability of the terms on which the long-term debt will be secured.

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

² This note represents the total amount of downstreamed debt previously approved by the Board in BPU Dkt. Nos. WF08040216 (Order dated August 1, 2008), WF12080791 (Order dated December 19, 2012), WF13100959 (Order dated December 18, 2013), WF16040284 (Order dated June 29, 2016) and WF18030342 (Order dated May 22, 2018).

for long-term debt in the principal amount of up to \$85,885,000; and (2) to take such actions as are necessary to effectuate the transactions described herein.

Respectfully submitted,
Saul Ewing Arnstein & Lehr LLP

Courtney L. Schultz

By: _____

Courtney L. Schultz, Esq.
Attorneys for Petitioner
Aqua New Jersey, Inc.

Dated: March 2, 2020

EXHIBIT A

Exhibit A

Aqua New Jersey, Inc. Pushdown Debt Timetable

Once the Board of Public Utilities has approved the transaction, Essential Utilities, Inc. will prepare the one or more notes evidencing the additional allocation of pushdown debt to Aqua New Jersey. Petitioner anticipates issuing a note evidencing the proposed refinancing and the amount of additional debt needed to bring the Company's capital structure in line with its regulatory target within 30 days of receiving Board approval. Petitioner will monitor its ongoing capital structure and issue additional debt up to the \$25 million aggregate as needed to remain in line with its targeted capital structure. Petitioner will make the appropriate accounting entries at the time of each note issuance. Petitioner expects to issue the proposed \$25 million additional debt by December 31, 2020.

EXHIBIT B

EXHIBIT B
AQUA NEW JERSEY, INC.
INDENTURE REQUIREMENTS
INTEREST COVERAGE
SECTION 2, SUBDIVISION (B) OF SECTION 2.3 OF ARTICLE II
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 (UNAUDITED)

| | 12/31/2019 ACTUAL | ADJUSTMENTS* | 12/31/2019 UNAUDITED | 12/31/2020 PRO FORMA |
|--|----------------------|--------------|-------------------------|-------------------------|
| GROSS OPERATING REVENUES | \$ 45,253,471 | | \$ 45,253,471 | \$ 48,380,448 |
| NON-OPERATING REVENUES (A) | \$ 2,004,649 | | \$ 2,004,649 | \$ 619,579 |
| | <u>\$ 47,258,121</u> | 0 | <u>\$ 47,258,121</u> | <u>\$ 49,000,027</u> |
| OPERATING EXPENSES: | | | | |
| OPERATIONS EXPENSE | \$ 15,184,613 | 0 | \$ 15,184,613 | \$ 14,943,573 |
| MAINTENANCE EXPENSE | \$ 955,035 | | \$ 955,035 | \$ 1,027,374 |
| DEPRECIATION | \$ 8,717,261 | | \$ 8,717,261 | \$ 9,565,871 |
| TAXES OTHER THAN INCOME | \$ 6,244,827 | | \$ 6,244,827 | \$ 7,130,885 |
| | <u>\$ 31,101,736</u> | 0 | <u>\$ 31,101,736</u> | <u>\$ 32,667,703</u> |
| NET EARNINGS AVAILABLE FOR INTEREST COVERAGE | <u>\$ 16,156,385</u> | <u>\$ -</u> | <u>\$ 16,156,385</u> | <u>\$ 16,332,324</u> |
| INTEREST ON SECURED DEBT | <u>\$ 689,288</u> | | <u>\$ 689,288</u> | <u>\$ 678,059</u> |
| TOTAL INTEREST | <u>\$ 689,288</u> | | <u>\$ 689,288</u> | <u>\$ 678,059</u> |
| INTEREST COVERAGE | <u>23.44</u> | | <u>23.44</u> | <u>24.09</u> |

| | PROFORMA OUTSTANDING AT 12/31/19 | INTEREST ON BALANCE O/S AT 12/31/19 | PROFORMA OUTSTANDING AT 12/31/20 | Balances payable in 2020 |
|-------------------------|---|--|---|-----------------------------|
| SERIES "L" Loan A and B | \$ 118,822 | 2.13% \$ 2,531 | 0 | - |
| SERIES "L" Loan C and D | \$ 84,777 | 0.00% \$ - | (0) | - |
| SERIES "P" | \$ 450,000 | 4.30% \$ 19,350 | 370,000 | 15,910 |
| SERIES "Q" | \$ 301,186 | 0.00% \$ - | 241,321 | - |
| SERIES "R" | \$ - | 5.14% \$ - | - | - |
| SERIES "S" | \$ 6,000,000 | 6.23% \$ 373,800 | 6,000,000 | 373,800 |
| SERIES "T" | \$ 3,800,000 | 5.80% \$ 220,400 | 3,800,000 | 220,400 |
| SERIES "U" | \$ 524,000 | 4.51% \$ 23,632 | 478,000 | 21,558 |
| SERIES "V" | \$ 332,847 | 0.00% \$ - | 284,351 | - |
| SERIES "W" | \$ 175,000 | 3.80% \$ 6,650 | 161,000 | 6,118 |
| SERIES "X" | \$ 149,493 | 0.00% \$ - | 134,544 | - |
| SERIES "Y" | \$ 133,000 | 3.81% \$ 5,067 | 123,000 | 4,686 |
| SERIES "Z" | \$ 119,773 | 0.00% \$ - | 107,797 | - |
| SERIES "AA" | \$ 260,000 | 4.10% \$ 10,660 | 245,000 | 10,045 |
| SERIES "BB" | \$ 118,928 | 0.00% \$ - | 108,117 | - |
| SERIES "CC" | \$ 575,000 | 4.73% \$ 27,198 | 540,000 | 25,542 |
| SERIES "DD" | \$ 506,931 | 0.00% \$ - | 463,456 | 0 |
| | <u>\$ 13,649,756</u> | <u>\$ 689,288</u> | | <u>\$ 678,059</u> |
| New Note From Parent | | 3.96% \$ - | | \$ - |
| | <u>\$ 13,649,756</u> | <u>\$ 689,288</u> | | <u>\$ 678,059</u> |

* ADJUSTMENTS ARE IN ACCORDANCE WITH PARAGRAPH 1 OF SUBDIVISION (B) OF SECTION 2.3 OF THE ORIGINAL INDENTURE, AS AMENDED.

NOTES: (A) For the purpose of the interest coverage calculation, net Non-operating Revenues shall not exceed fifteen percent (15%) of Net Earnings.

(A) \$16,156,385.16
15.00%
\$ 2,423,457.77 OK

\$ 16,332,324.00
15.00%
\$ 2,449,848.60 OK

EXHIBIT C

Exhibit C

Aqua New Jersey, Inc.
Proposed Form of Order

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

| | | |
|-------------------------------------|---|-------------------------|
| _____ | : | <u>WATER/WASTEWATER</u> |
| IN THE MATTER OF THE PETITION OF | : | |
| AQUA NEW JERSEY, INC. FOR AUTHORITY | : | ORDER OF APPROVAL |
| TO ENTER INTO LONG-TERM DEBT IN AN | : | |
| AMOUNT UP TO \$25,000,000, AND TO | : | DOCKET NO. WF2003_____ |
| APPROVE REFINANCING OF EXISTING | : | |
| DEBT | : | |
| _____ | : | |

(SERVICE LIST ATTACHED)

BY THE BOARD:

Aqua New Jersey, Inc. (the "Company"), a public utility of the State of New Jersey, filed a petition dated March 2, 2020, pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, requesting authority to:

1. Make, execute and deliver to Essential Utilities, Inc. ("Essential") a note to refinance \$59,385,000 of the \$60,885,000 long-term debt currently outstanding and owed to Essential (the "Refinanced Debt") and to provide new long-term debt (the "New Debt") in the principal amount of up to \$25,000,000 (the "Note"); and
2. To take such actions as are necessary to effectuate the transactions described in the Petition.

Petitioner states that its parent, Essential, has redeemed debt and issued new debt and intends to downstream a portion of the proceeds of that debt issuance to Petitioner. In exchange for a portion of the proceeds of the debt issuance, Petitioner seeks authority to execute a Note to Essential for long-term debt in a principal amount of up to \$85,885,000 (of which \$59,385,000 relates to the Refinanced Debt and \$25,000,000 relates to the New Debt). Petitioner states that the proceeds of the downstreamed New Debt will be used to rebalance the Company's capital structure.

Petitioner has issued bonds for sale through a private placements. However, due to the relatively small size of the Company's debt issuance, it is less economically favorable to issue debt under the Company's name. Petitioner's debt is less marketable because it does not file SEC reports, is not followed by securities analysts, and is not widely known in the securities markets. In this

request, Petitioner states that it 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 is being downstreamed to the Company. Petitioner asserts there are significant advantages to this approach. Essential is well-known in the financial markets and is followed by numerous securities analysts. Furthermore, Petitioner states that the transaction costs associated with this downstreamed debt should be lower than a private placement by the Company due to the higher underwriting fees, legal fees, and other costs associated with such transactions. Petitioner estimates that the costs of completing these transactions at the parent level (through private and public offerings) are anticipated to be less than those previously incurred in the Company's private placements of debt.

The policy of the Board has been to encourage competitive bidding for the sale of a utility's securities unless it can be shown that through another method of sale, such as a negotiated public offering or private placement, there would be significant cost savings. These savings should be to the benefit of the ratepayers and the method of sale should be advantageous to the utility.

Based on its review of the proposed financing, the Board concludes that the proposed issuance of the Note will be in the best interest of Petitioner's customers. The proposed method of using downstreamed debt appears to be the most appropriate for Petitioner at this time and should provide maximum flexibility at the lowest cost. The Board also concludes that the refinancing is also appropriate.

The Board, after investigation into this matter, being satisfied with the action sought to be taken by Petitioner, FINDS that the proposed transactions are to be made in accordance with law, are in the public interest, and approving the purposes hereof, HEREBY ORDERS that Petitioner be, and is HEREBY AUTHORIZED to make, execute and deliver to Essential Utilities, Inc. a note for long-term debt in a principal amount of up to \$85,885,000.

This Order is issued subject to the following provisions:

1. The Board's approval is expressly limited to the execution of a note upon the following terms:

Proposed Terms for Refinanced Debt

| <u>Structure</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------|----------------------|----------------------|-------------------|
| Sr. Unsecured Note | 3.566% | 5/1/2029 | \$26,393,333 |
| Sr. Unsecured Note | 4.276% | 5/1/2049 | <u>32,991,667</u> |
| Sub Total | | | \$59,385,000 |

Proposed Terms for New Debt

| <u>Structure</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------|----------------------|----------------------|-------------------|
| Sr. Unsecured Note | 3.566% | 5/1/2029 | \$11,111,111 |
| Sr. Unsecured Note | 4.276% | 5/1/2049 | <u>13,888,889</u> |
| Sub Total | | | \$25,000,000 |

Previously Issued Debt

| | | | |
|--------------------|-------|-----------|---------------------|
| Sr. Unsecured Note | 3.57% | 11/3/2041 | \$1,500,000 |
| Total | | | \$85,885,000 |

If such terms are not obtainable, Petitioner shall forthwith submit to the Board the proposed terms of sale and verify that the terms of the offer which Petitioner proposes to accept are reasonable.

2. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
3. This Order shall not be construed as a certification that the securities offered for sale will be represented by tangible or intangible assets of commensurate value or investment cost.
4. This Order shall not affect or 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, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting Petitioner.
5. The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by December 31, 2020.

DATED:
(SEAL)

BOARD OF PUBLIC UTILITIES
BY:

EXHIBIT D

AQUA NEW JERSEY, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2019 (UNAUDITED)

| Assets | | Liabilities and Common Stockholder's Equity | |
|---|----------------------|--|-----------------------|
| Utility property plant & equipment | 372,201,153 | Common stockholder's equity: | |
| Net utility plant adjustment | <u>(1,360,589)</u> | Common stock | \$ 3,603,125 |
| Subtotal | <u>370,840,564</u> | Capital in excess of par | 46,044,660 |
| | | Retained earnings | <u>72,475,593</u> |
| Less: Allowance for depreciation | <u>(91,886,228)</u> | Total common stockholder's equity | <u>122,123,379</u> |
| Net utility plant | <u>278,954,336</u> | | |
| | | Long-term debt, excluding current portion | 73,218,496 |
| CWIP | <u>3,478,856</u> | Current liabilities: | |
| Net plant | <u>282,433,192</u> | Current portion of long-term debt | 593,174 |
| | | Accounts payable | 1,254,522 |
| Current assets: | | Accounts payable-affiliate | 7,906,945 |
| Cash and cash equivalents | 101,506 | Accrued interest | 41,261 |
| Accounts receivable | 3,513,145 | Taxes payable | 3,817,886 |
| Allowance for doubtful accounts | <u>(194,426)</u> | Other current liabilities | <u>1,680,213</u> |
| Unbilled revenues | 2,253,973 | Total current liabilities | <u>15,294,002</u> |
| Materials and supplies | 1,358,141 | | |
| Prepayments and other current assets | <u>1,733,235</u> | Deferred credits and other non-current liabilities: | |
| | | Customers' advances for construction | 30,789,621 |
| Total current assets | <u>8,765,574</u> | Deferred income taxes | 9,790,273 |
| | | Investment tax credits | 504,380 |
| Deferred charges and other non-current assets: | | Regulatory liabilities | 16,990,643 |
| Regulatory assets | 5,159,437 | Other non-current liabilities | <u>167,615</u> |
| Other non-current assets | <u>3,120,158</u> | Total deferred credits and other non-current liabilities | <u>58,242,532</u> |
| | | | |
| Total deferred charges and other non-current assets | <u>8,279,595</u> | Contributions in aid of construction | <u>30,599,954</u> |
| | | | |
| | <u>\$299,478,362</u> | | <u>\$ 299,478,362</u> |

EXHIBIT E

AQUA NEW JERSEY, INC.
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 (UNAUDITED)

| | | |
|--|----|-------------------|
| Operating revenues | \$ | 47,258,121 |
| Operating expenses: | | |
| Operations and maintenance | | 16,139,648 |
| Depreciation | | 8,717,261 |
| Amortization | | 412,688 |
| Taxes other than income taxes | | 6,244,827 |
| | | <hr/> |
| Total cost and expenses | | 31,514,423 |
| | | <hr/> |
| Operating income | | 15,743,698 |
| Other (income) deductions: | | |
| Interest on long-term debt | | 3,467,735 |
| Other interest expense (income) | | 153,179 |
| Allowance for funds used during construction | | (1,218,782) |
| Other Net (Income) Expense | | 197,880 |
| | | <hr/> |
| Total other (income) deductions | | 2,600,012 |
| | | <hr/> |
| Income before income taxes | | 13,143,685 |
| Provision for income taxes | | 2,398,769 |
| | | <hr/> |
| Net income | \$ | <u>10,744,916</u> |

EXHIBIT F

EXHIBIT F
AQUA NEW JERSEY, INC.
CAPITALIZATION STATEMENT

The Company's capitalization as of December 31, 2019 unaudited and Proforma December 31, 2020

| | Unaudited @ 12/31/2019 | | Adjustment Amounts | Pro Forma @ 12/31/2020 | |
|---|------------------------|----------------|-----------------------|------------------------|----------------|
| | Amount | % | | Amounts | Amounts |
| Common Shareholders' Investment: | | | | | |
| Common Stock | \$ 3,603,125 | 1.83% | | \$ 3,603,125 | 1.83% |
| Amounts in Excess of Par Value | 46,044,660 | 23.41% | \$ (17,141,753) | 28,902,907 | 14.70% |
| Reinvested Earnings | 72,475,593 | 36.85% | 10,766,924 | 83,242,517 | 42.33% |
| | <u>122,123,379</u> | <u>62.10%</u> | | <u>115,748,549</u> | <u>53.91%</u> |
| First Mortgage Bonds and Other Debt: | | | | | |
| Series "L", Loan A and B | 118,824 | 0.06% | (118,822) | 2 | 0.00% |
| Series "L", Loan C and D | 84,776 | 0.04% | (84,777) | (1) | 0.00% |
| Series "P", due 2033 | 450,000 | 0.23% | (80,000) | 370,000 | 0.17% |
| Series "Q", due 2024 | 301,185 | 0.15% | (59,865) | 241,320 | 0.11% |
| Series "R", due 2019 | - | 0.00% | | - | 0.00% |
| Series "S", due 2036 | 6,000,000 | 3.05% | | 6,000,000 | 2.79% |
| Series "T", due 2037 | 3,800,000 | 1.93% | | 3,800,000 | 1.77% |
| Series "U", due 2028 | 524,000 | 0.27% | (46,000) | 478,000 | 0.22% |
| Series "V", due 2028 | 332,847 | 0.17% | (48,496) | 284,351 | 0.13% |
| Series "W", due 2029 | 175,000 | 0.09% | (14,000) | 161,000 | 0.07% |
| Series "X", due 2009 | 149,493 | 0.08% | (14,949) | 134,544 | 0.06% |
| Series "Y", due 2029 | 133,000 | 0.07% | (10,000) | 123,000 | 0.06% |
| Series "Z", due 2029 | 119,772 | 0.06% | (11,976) | 107,796 | 0.05% |
| Series "AA", due 2030 | 260,000 | 0.13% | (15,000) | 245,000 | 0.11% |
| Series "BB", due 2030 | 118,928 | 0.06% | (10,811) | 108,117 | 0.05% |
| Series "CC", due 2031 | 575,000 | 0.29% | (35,000) | 540,000 | 0.25% |
| Series "DD", due 2031 | 506,931 | 0.26% | (43,475) | 463,456 | 0.22% |
| Unsecured Debt due 05/20/21 | 1,485,000 | 0.76% | | 1,485,000 | 0.69% |
| Unsecured Debt due 05/20/22 | 1,485,000 | 0.76% | | 1,485,000 | 0.69% |
| Unsecured Debt due 6/24/2028 | 6,739,590 | 3.43% | | 6,739,590 | 3.14% |
| Unsecured Debt due 6/14/2027 | 29,175,410 | 14.84% | | 29,175,410 | 13.59% |
| Unsecured Debt due 2/28/37 | 66,615 | 0.03% | | 66,615 | 0.03% |
| Unsecured Debt due 6/24/2021 | 8,480,000 | 4.31% | | 8,480,000 | 3.95% |
| Unsecured Debt due 6/24/2024 | 5,904,470 | 3.00% | | 5,904,470 | 2.75% |
| Unsecured Debt due 5/20/2030 | 7,548,915 | 3.84% | | 7,548,915 | 3.52% |
| Unsecured Debt - New | | 0.00% | 25,000,000 | 25,000,000 | 11.64% |
| | <u>74,534,756</u> | <u>37.90%</u> | <u>24,406,829</u> | <u>98,941,585</u> | <u>46.10%</u> |
| Short Term Debt: | - | 0.00% | | - | 0.00% |
| Total Capitalization | <u>\$ 196,658,135</u> | <u>100.00%</u> | <u>\$ 24,406,829</u> | <u>\$ 214,690,134</u> | <u>100.00%</u> |

EXHIBIT G

AQUA NEW JERSEY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2019 (UNAUDITED)

| | 12/31/2019 |
|---|-------------------|
| Cash flows from operating activities: | |
| Net income | \$ 10,744,916 |
| Noncash items in net income: | |
| Depreciation & amortization | \$ 9,129,949 |
| Deferred income taxes | \$ (1,796,414) |
| Provision for Doubtful Accounts | \$ 198,877 |
| Stock based compensation | \$ (25,372) |
| Allowance for equity funds used during construction | \$ (905,414) |
| Net change in A/R, invent & prepayments | \$ 16,121,172 |
| Net change in A/P & other accruals | \$ 3,737,977 |
| Net change in accrued interest | \$ (7,525) |
| Other | \$ (1,127,027) |
| Net cash flows from operating activities | \$ 36,071,139 |
| Cash flows from investing activities: | |
| Construction expenditures | \$ (29,443,907) |
| Acquisitions of water/ww systems | \$ - |
| Increase in funds restricted for construction | |
| Decrease in funds restricted for construction | |
| Allowance for funds used during construction | \$ (313,368) |
| Net cash flows from investing activities | \$ (29,757,275) |
| Cash flows from financing activities: | |
| CAC & CIAC | \$ 281,754 |
| Repayments of customers' advances | \$ (695,989) |
| Net proceeds (repayments) of short-term debt | \$ - |
| Proceeds from long-term debt | \$ - |
| Repayments of long-term debt | \$ (5,595,259) |
| Dividends paid on common stock | \$ (425,000) |
| Net inter-company advance activity | \$ - |
| Other | \$ - |
| Net cash flows from financing activities | \$ (6,434,494) |
| Net increase (decrease) in cash | \$ (120,630) |
| Cash and equivalents at beginning of year | \$ 222,136 |
| Cash and equivalents at end of period | \$ 101,506 |

EXHIBIT H

Exhibit H

Aqua New Jersey, Inc.
Use of Proceeds

The purpose of the new financing is to rebalance Aqua New Jersey, Inc.'s capital structure.

EXHIBIT I

EXHIBIT I
AQUA NEW JERSEY, INC.
SECURITY BASIS STATEMENT
AS OF DECEMBER 31, 2019 (UNAUDITED)

| | | | |
|--------------------------------------|-------------------|-------------------------|-------------------------|
| UTILITY PLANT IN SERVICE | | \$ 370,840,564 | |
| LESS: ACCUMULATED DEPRECIATION | | <u>(91,886,228)</u> | |
| NET UTILITY PLANT IN SERVICE | | <u>278,954,336</u> | |
| | | | |
| CURRENT AND ACCRUED ASSETS | | <u>12,244,430</u> | |
| CAPITALIZABLE ASSETS | | <u>291,198,766</u> | |
| | | | |
| CAPITAL AND LIABILITIES: | | | |
| DEBT CAPITAL (**) | \$ 74,534,755 | | |
| COMMON STOCK (*) | 3,603,125 | | |
| PREFERRED STOCK | 0 | | |
| PREMIUM ON CAPITAL STOCK | 0 | | |
| PAID IN CAPITAL | 46,044,660 | | |
| REACQUIRED CAPITAL STOCK | 0 | | |
| CURRENT AND ACCRUED LIABILITIES | <u>14,700,827</u> | <u>138,883,368</u> | |
| UNCAPITALIZED ASSETS | | <u>\$ 152,315,398 *</u> | |
| | | | |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | \$ 30,599,954 | | |
| | | | |
| DEFERRED CREDITS | 58,242,532 | | |
| | | | |
| RETAINED EARNINGS | <u>72,475,593</u> | <u>161,318,079</u> | |
| DEFERRED DEBITS AND OTHER | | <u>9,002,680</u> | <u>\$ 152,315,398 *</u> |

(*) COMMON STOCK, \$5 PAR VALUE-
ISSUED--720,625 SHARES
AUTHORIZED--800,000 SHARES

(**) INCLUDES CURRENT PORTION AND INTERIM FINANCING

EXHIBIT J

Exhibit J

Aqua New Jersey, Inc.
Estimated Issuance Cost Savings on \$25M New Debt

| | <u>Private Placement</u> | <u>Push Down</u> | <u>Savings</u> |
|---------------------|------------------------------|----------------------|----------------|
| Placement Agent Fee | 62,500 | | 62,500 |
| Legal Fees | 110,000 | | 110,000 |
| NAIC Rating | 15,000 | | 15,000 |
| Trustee fees | 15,000 | | 15,000 |
| Miscellaneous | 7,500 | 207,000 | (199,500) |
| Total | <u>\$210,000</u> | <u>\$207,000</u> | <u>\$3,000</u> |

SERVICE LIST

In the Matter of the Petition of Aqua New Jersey, Inc. for
Authority to Enter Into Long-Term Debt in an Amount
up to \$25,000,000, and to Approve Refinancing of Existing Debt
BPU Docket No. WR2003

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