

SAUL EWING

LLP

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September 26, 2023

VIA Electronic Filing and Email

Honorable Sherri Golden
New Jersey Board of Public Utilities
44 South Clinton Ave., Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Sherri.golden@bpu.nj.gov
Board.secretary@bpu.nj.gov

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 \$56,000,000
BPU Docket Number. WF2309

Dear Secretary Golden:

Enclosed please find the Petition of Aqua New Jersey, Inc., which was filed with the New Jersey Board of Public Utilities today, initiating the above-captioned matter.

Thank you for your attention to this matter.

Sincerely,



Courtney L. Schultz

CLS/CJ
Encl.

cc: Service List

SERVICE LIST

I/M/O Aqua New Jersey Inc.'s Petition of
Aqua New Jersey, Inc. for Authority to Enter Into Long-Term Debt
In An Amount Up to \$56,000,000
BPU Docket No. WF2309 _____

BPU

Hon. Sherri Golden, Secretary
NJ Board of Public Utilities
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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 \$56,000,000

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PETITION

DOCKET NO. WF2309 _____

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, the Company 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 Essential Utilities, Inc. (“Essential”) a note for long-term debt in a principal amount up to \$56,000,000 (the “New Debt”); and (2) to take such actions as are necessary to effectuate the transactions described herein.

3. The Company currently has \$85,885,000 of outstanding long-term push down debt on its books as of December 31, 2022.

4. The current weighted average interest rate on the \$97,643,963 of total debt outstanding is 4.13% with an average remaining life of 8.03 years. The weighted average interest rate on the proposed New Debt will be 4.10% with an average remaining life of 9.06 years.

5. The proceeds derived from the New Debt issuance will be used to rebalance the Company’s capital structure. The New Debt has been issued by Petitioner’s corporate parent,

Essential, and will be downstreamed to the Company, as needed, upon the Board’s approval of the requests made herein.

6. The Company proposes to execute a note with its parent for up to the \$56 million of unsecured New Debt, pursuant to the following terms, with \$40 million of the New Debt to be issued on or before December 31, 2023:

Proposed Terms for New Debt				
<u>Structure</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>	<u>Amount</u>
Sr. Unsecured Note	2.4%	5/1/2031	Before 12/31/2023	\$17,777,778
Sr. Unsecured Note	5.3%	5/1/2052	Before 12/31/2023	22,222,222
Subtotal 2023				\$40,000,000
Sr. Unsecured Note	2.4%	5/1/2031	Before 12/31/2024	\$7,111,111
Sr. Unsecured Note	5.3%	5/1/2052	Before 12/31/2024	8,888,889
Total				\$56,000,000

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. This is the same mechanism that the Board most recently approved in the Company’s last request for debt financing of up to \$25 million and a refinancing of \$53 million of debt in 2020 in *I/M/O 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. WR20030202.

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 interest cost savings, which are approximately \$1 million, 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, 2022;
- Exhibit C Draft of a proposed form of Order;
- Exhibit D Balance Sheet as of December 31, 2022;
- Exhibit E Statement of Income for the twelve months ended December 31, 2022;
- Exhibit F Capitalization Statement reflecting actual and pro forma capitalization ratios as of December 31, 2022 and 2023;
- Exhibit G Statement of Cash Flows for the year ended December 31, 2022;
- Exhibit H Statement reflecting use of proceeds from the New Debt financing;
- Exhibit I Security Basis Statement at December 31, 2022;
- 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, 2022 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, 2022;
- (d) Petitioner did not pay any dividends in calendar year 2022;

(e) The following series (with their issue dates and original principal amounts indicated) were issued and outstanding as of December 31, 2022:

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, 2022, in the principal amount of \$85,885,000.¹

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.
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1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
(Phone) 215-972-7717
(Fax) 215-972-1839
Courtneys.Schultz@saulewing.com


¹ 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), WF18030342 (Order dated May 22, 2018) and WF20030202 (Order dated May 5, 2020).

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 for long-term debt in the principal amount of up to \$56,000,000; and (2) to take such actions as are necessary to effectuate the transactions described herein.

Respectfully submitted,
Saul Ewing LLP

By: 

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

Dated: September 26, 2023

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 \$56,000,000

:
:
: DOCKET NO. WF2309 _____
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CERTIFICATION

DAWN PESLAK, of full age, certifies as follows:

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

2. I have reviewed the within Petition and Exhibits thereto, and the information contained therein is true and correct to the best of my knowledge, information and belief.

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

Dawn Peslak

Dawn Peslak

Dated: September 26, 2023

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, Inc. Petitioner anticipates issuing a note evidencing 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 \$56 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 a proposed \$40 million of additional debt by December 31, 2023.

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, 2022 (AUDITED)

	12/31/2022 ACTUAL	ADJUSTMENTS*	12/31/2022 AUDITED	12/31/2023 PRO FORMA	12/31/2024 PRO FORMA
GROSS OPERATING REVENUES	\$ 49,879,060		\$ 49,879,060	\$ 50,700,737	\$ 54,580,000
NON-OPERATING REVENUES (A)	\$ 618,739		\$ 618,739	\$ 607,735	\$ 637,000
	<u>\$ 50,497,799</u>	<u>0</u>	<u>\$ 50,497,799</u>	<u>\$ 51,308,472</u>	<u>\$ 55,217,000</u>
OPERATING EXPENSES:					
OPERATIONS EXPENSE	\$ 16,174,773	0	\$ 16,174,773	\$ 17,661,468	\$ 18,191,312
MAINTENANCE EXPENSE	\$ 692,333		\$ 692,333	\$ 755,968	\$ 778,647
DEPRECIATION	\$ 9,977,417		\$ 9,977,417	\$ 65,352	\$ 12,018,000
TAXES OTHER THAN INCOME	\$ 7,542,495		\$ 7,542,495	\$ 170,244	\$ 8,175,000
	<u>\$ 34,387,018</u>	<u>0</u>	<u>\$ 34,387,018</u>	<u>\$ 18,653,032</u>	<u>\$ 39,162,959</u>
NET EARNINGS AVAILABLE FOR INTEREST COVERAGE	<u>\$ 16,110,781</u>	<u>\$ -</u>	<u>\$ 16,110,781</u>	<u>\$ 32,655,440</u>	<u>\$ 16,054,041</u>
INTEREST ON SECURED DEBT	<u>\$ 646,908</u>		<u>\$ 646,908</u>	<u>\$ 637,404</u>	<u>\$ 623,201</u>
TOTAL INTEREST	<u>\$ 646,908</u>		<u>\$ 646,908</u>	<u>\$ 637,404</u>	<u>\$ 623,201</u>
INTEREST COVERAGE	<u>24.90</u>		<u>24.90</u>	<u>51.23</u>	<u>25.76</u>

	PROFORMA OUTSTANDING AT 12/31/22	INTEREST ON BALANCE O/S AT 12/31/22	PROFORMA OUTSTANDING AT 12/31/23	Balances payable in 2023	Balances payable in 2024
SERIES "P"	\$ 195,000	4.00% \$ 7,800	100,000	4,000	-
SERIES "Q"	\$ 120,718	0.00% \$ -	60,295	-	-
SERIES "S"	\$ 6,000,000	6.23% \$ 373,800	6,000,000	373,800	370,187
SERIES "T"	\$ 3,800,000	5.80% \$ 220,400	3,800,000	220,400	217,495
SERIES "U"	\$ 374,000	4.03% \$ 15,072	320,000	12,896	12,130
SERIES "V"	\$ 183,452	0.00% \$ -	134,397	-	-
SERIES "W"	\$ 133,000	3.72% \$ 4,948	114,000	4,241	3,720
SERIES "X"	\$ 104,645	0.00% \$ -	89,696	-	-
SERIES "Y"	\$ 99,000	3.74% \$ 3,703	85,000	3,179	2,244
SERIES "Z"	\$ 83,843	0.00% \$ -	71,866	-	-
SERIES "AA"	\$ 200,000	3.25% \$ 6,500	175,000	5,688	4,225
SERIES "BB"	\$ 86,493	0.00% \$ -	75,681	-	-
SERIES "CC"	\$ 445,000	3.30% \$ 14,685	400,000	13,200	13,200
SERIES "DD"	\$ 376,504	0.00% \$ -	333,029	0	-
	<u>\$ 12,201,653</u>	<u>\$ 646,908</u>	<u>\$ 11,758,963</u>	<u>\$ 637,404</u>	<u>\$ 623,201</u>
New Note From Parent		3.96% \$ -		\$ -	\$ -
	<u>\$ 12,201,653</u>	<u>\$ 646,908</u>		<u>\$ 637,404</u>	<u>\$ 623,201</u>
		5.3%			

* 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) \$ 16,110,781.26	\$ 32,655,439.54	\$ 16,054,040.74
15.00%	15.00%	15.00%
<u>\$ 2,416,617.19</u> OK	<u>\$ 4,898,315.93</u>	<u>\$ 2,408,106.11</u> OK

Exhibit C

Aqua New Jersey, Inc.
Proposed Form of Order

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF	:	<u>WATER/WASTEWATER</u>
AQUA NEW JERSEY, INC. FOR AUTHORITY	:	ORDER OF APPROVAL
TO ENTER INTO LONG-TERM DEBT IN AN	:	
AMOUNT UP TO \$56,000,000	:	DOCKET NO. WF2309_____

(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 September 26, 2023, 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 provide new long-term debt in the principal amount of up to \$56,000,000 (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 \$56,000,000. Petitioner states that the proceeds of the downstreamed 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, 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 \$56,000,000.

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 New Debt				
<u>Structure</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>	<u>Amount</u>
Sr. Unsecured Note	2.4%	5/1/2031	Before 12/31/2023	\$17,777,778
Sr. Unsecured Note	5.3%	5/1/2052	Before 12/31/2023	22,222,222
Subtotal 2023				\$40,000,000
Sr. Unsecured Note	2.4%	5/1/2031	Before 12/31/2024	\$7,111,111
Sr. Unsecured Note	5.3%	5/1/2052	Before 12/31/2024	8,888,889
Total				\$56,000,000

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, 2023.

DATED:
(SEAL)

BOARD OF PUBLIC UTILITIES
BY:

Exhibit D
AQUA NEW JERSEY, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2022 (AUDITED)

Assets		Liabilities and Common Stockholder's Equity	
Utility property plant & equipment	\$ 429,119,834	Common stockholder's equity:	
Net utility plant adjustment	<u>(1,000,790)</u>	Common stock	\$ 3,603,125
Subtotal	<u>428,119,044</u>	Capital in excess of par	24,997,687
		Retained earnings	106,068,402
Less: Allowance for depreciation	<u>(111,504,995)</u>	Total common stockholder's equity	<u>134,669,213</u>
Net utility plant	<u>316,614,049</u>		
		Long-term debt, excluding current portion	96,527,645
CWIP	<u>11,245,337</u>	Current liabilities:	
Net plant	<u>327,859,386</u>	Current portion of long-term debt	442,690
		Accounts payable	5,476,568
Current assets:		Accounts payable-affiliate	8,659,482
Cash and cash equivalents	261,796	Accrued interest	28,339
Accounts receivable	5,432,424	Other current liabilities	2,849,238
Accounts receivable-affiliate	7,613	Total current liabilities	<u>17,456,317</u>
Allowance for doubtful accounts	<u>(990,321)</u>		
Unbilled revenues	2,394,537	Deferred credits and other non-current liabilities:	
Materials and supplies	2,622,690	Customers' advances for construction	33,667,000
Prepayments and other current assets	688,270	Deferred income taxes	23,942,377
		Investment tax credits	374,304
Total current assets	<u>10,417,009</u>	Regulatory liabilities	31,879,767
		Other non-current liabilities	4,422
Deferred charges and other non-current assets:		Total deferred credits and other non-current liabilities	<u>89,867,869</u>
Regulatory assets	27,540,674		
Other non-current assets	<u>429,999</u>	Contributions in aid of construction	<u>27,726,024</u>
Total deferred charges and other non-current assets	<u>27,970,673</u>		
	<u>\$ 366,247,069</u>		<u>\$ 366,247,069</u>

Exhibit E
AQUA NEW JERSEY, INC.
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 (AUDITED)

Operating revenues	\$	50,497,799
Operating expenses:		
Operations and maintenance		16,867,106
Depreciation		9,977,417
Amortization		525,828
Taxes other than income taxes		7,542,495
		<hr/>
Total cost and expenses		34,912,846
		<hr/>
Operating income		15,584,953
Other (income) deductions:		
Interest on long-term debt		4,163,417
Other interest expense (income)		67
Allowance for funds used during construction		(855,037)
Other Net (Income) Expense		(50,085)
		<hr/>
Total other (income) deductions		3,258,362
		<hr/>
Income before income taxes		12,326,591
Provision for income taxes		(231,580)
		<hr/>
Net income	\$	<u>12,558,171</u>

EXHIBIT F
AQUA NEW JERSEY, INC.
CAPITALIZATION STATEMENT

The Company's capitalization as of December 31, 2022 audited and Proforma December 31, 2023; December 31, 2024

	<u>Audited @ 12/31/2022</u>		<u>Adjustment</u>	<u>Pro Forma @ 12/31/2023</u>		<u>Adjustment</u>	<u>Pro Forma @ 12/31/2024</u>	
	<u>Amount</u>	<u>%</u>	<u>Amounts</u>	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>Amounts</u>	<u>%</u>
Common Shareholders' Investment:								
Common Stock	\$ 3,603,125	1.55%		\$ 3,603,125	1.22%		\$ 3,603,125	1.09%
Amounts in Excess of Par Value	24,997,687	10.74%	\$ 102,546	25,100,233	8.47%	\$ (16,226,000)	8,874,233	2.69%
Reinvested Earnings	106,068,402	45.57%	23,761,864	129,830,266	43.84%	34,399,000	164,229,266	49.78%
	<u>134,669,213</u>	<u>57.86%</u>		<u>158,533,624</u>	<u>53.53%</u>		<u>176,706,624</u>	<u>53.56%</u>
	-			-			-	
First Mortgage Bonds and Other Debt:								
Series "P", due 2024	195,000	0.08%	(95,000)	100,000	0.03%	(100,000)	-	0.00%
Series "Q", due 2024	120,718	0.05%	(60,423)	60,295	0.02%	(60,295)	(0)	0.00%
Series "S", due 2036	6,000,000	2.58%		6,000,000	2.03%		6,000,000	1.82%
Series "T", due 2037	3,800,000	1.63%		3,800,000	1.28%		3,800,000	1.15%
Series "U", due 2028	374,000	0.16%	(54,000)	320,000	0.11%	(58,000)	262,000	0.08%
Series "V", due 2028	183,452	0.08%	(49,054)	134,397	0.05%	(50,080)	84,317	0.03%
Series "W", due 2029	133,000	0.06%	(19,000)	114,000	0.04%	(19,000)	95,000	0.03%
Series "X", due 2009	104,645	0.04%	(14,949)	89,696	0.03%	(14,949)	74,747	0.02%
Series "Y", due 2029	99,000	0.04%	(14,000)	85,000	0.03%	(14,000)	71,000	0.02%
Series "Z", due 2029	83,843	0.04%	(11,977)	71,866	0.02%	(11,977)	59,889	0.02%
Series "AA", due 2030	200,000	0.09%	(25,000)	175,000	0.06%	(25,000)	150,000	0.05%
Series "BB", due 2030	86,493	0.04%	(10,812)	75,681	0.03%	(10,812)	64,869	0.02%
Series "CC", due 2031	445,000	0.19%	(45,000)	400,000	0.14%	(45,000)	355,000	0.11%
Series "DD", due 2031	376,504	0.16%	(43,475)	333,029	0.11%	(43,475)	289,554	0.09%
Unsecured Debt due 11/03/41	1,500,000	0.64%		1,500,000	0.51%		1,500,000	0.45%
Unsecured Debt due 05/01/29	37,504,444	16.11%		37,504,444	12.66%		37,504,444	11.37%
Unsecured Debt due 05/01/49	46,880,556	20.14%		46,880,556	15.83%		46,880,556	14.21%
Unsecured Debt - New		0.00%	40,000,000	40,000,000	13.51%	16,000,000	56,000,000	16.97%
	<u>98,086,653</u>	<u>42.13%</u>	<u>39,557,310</u>	<u>137,643,963</u>	<u>46.49%</u>	<u>15,547,412</u>	<u>153,191,375</u>	<u>46.44%</u>
	-			-			-	
Short Term Debt:								
	-	0.00%		-	0.00%		-	0.00%
Total Capitalization								
	<u>\$ 232,755,867</u>	<u>100.00%</u>	<u>\$ 39,557,310</u>	<u>\$ 296,177,587</u>	<u>100.00%</u>	<u>\$ 15,547,412</u>	<u>\$ 329,897,999</u>	<u>100.00%</u>

Exhibit G
AQUA NEW JERSEY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2022 (AUDITED)

	12/31/2022
Cash flows from operating activities:	
Net income	\$ 12,558,171
Noncash items in net income:	
Depreciation & amortization	\$ 10,503,245
Deferred income taxes	\$ 11,630,877
Provision for Doubtful Accounts	\$ 308,549
Stock based compensation	\$ 87,758
Allowance for equity funds used during construction	\$ (629,824)
Net change in A/R, invent & prepayments	\$ (1,134,169)
Net change in A/P & other accruals	\$ 2,338,951
Net change in accrued interest	\$ -
Other	\$ (6,557,579)
Net cash flows from operating activities	\$ 29,105,979
Cash flows from investing activities:	
Construction expenditures	\$ (28,165,177)
Acquisitions of water/ww systems	\$ -
Increase in funds restricted for construction	
Decrease in funds restricted for construction	
Allowance for funds used during construction	\$ (225,213)
Net cash flows from investing activities	\$ (28,390,390)
Cash flows from financing activities:	
CAC & CIAC	\$ 451,209
Repayments of customers' advances	\$ (524,418)
Net proceeds (repayments) of short-term debt	\$ -
Proceeds from long-term debt	\$ -
Repayments of long-term debt	\$ (429,653)
Dividends paid on common stock	
Net inter-company advance activity	\$ -
Other	\$ -
Net cash flows from financing activities	\$ (502,862)
Net increase (decrease) in cash	\$ 212,727
Cash and equivalents at beginning of year	\$ 49,069
Cash and equivalents at end of period	\$ 261,796

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
AQUA NEW JERSEY, INC.
SECURITY BASIS STATEMENT
AS OF DECEMBER 31, 2022 (AUDITED)

UTILITY PLANT IN SERVICE		\$ 428,119,044
LESS: ACCUMULATED DEPRECIATION		<u>(111,504,995)</u>
NET UTILITY PLANT IN SERVICE		<u>316,614,049</u>

CURRENT AND ACCRUED ASSETS		<u>21,662,346</u>
CAPITALIZABLE ASSETS		<u>338,276,395</u>

CAPITAL AND LIABILITIES:

DEBT CAPITAL (**)	\$ (673,628)		
COMMON STOCK (*)	3,603,125		
PREFERRED STOCK	0		
PREMIUM ON CAPITAL STOCK	0		
PAID IN CAPITAL	24,997,687		
REACQUIRED CAPITAL STOCK	0		
CURRENT AND ACCRUED LIABILITIES	<u>17,013,627</u>		<u>44,940,810</u>
UNCAPITALIZED ASSETS			<u>\$ 293,335,585 *</u>

CONTRIBUTIONS IN AID OF CONSTRUCTION		\$ 27,726,024
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DEFERRED CREDITS		89,867,869
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RETAINED EARNINGS	106,068,402	<u>223,662,295</u>	
DEFERRED DEBITS AND OTHER		<u>(69,673,290)</u>	<u>\$ 293,335,585 *</u>

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

(**) INCLUDES CURRENT PORTION AND INTERIM FINANCING

Exhibit J

Aqua New Jersey, Inc.
Estimated Interest Cost Savings on \$56 million Note

	<u>\$56M Private Placement</u>	<u>Push Down</u>	<u>Savings</u>
Annual Interest Expense	\$3,360,000	\$2,245,600	\$1,114,400
Annual Amortization of Issuance Costs	16,600	49,765	(33,165)
Total	<u>\$3,376,600</u>	<u>\$2,295,365</u>	<u>\$1,081,235</u>