

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

| | | |
|-------------------------------------|---|-------------------------|
| IN THE MATTER OF THE PETITION OF | : | |
| AQUA NEW JERSEY, INC. FOR AUTHORITY | : | CERTIFIED PETITION |
| TO ISSUE EVIDENCE OF INDEBTEDNESS | : | |
| PURSUANT TO THE NEW JERSEY | : | DOCKET NO. WF2410 _____ |
| INFRASTRUCTURE BANK FINANCING | : | |
| PROGRAM | : | |

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

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

1. Aqua 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. Aqua is engaged in the business of treating and distributing water for retail service to approximately 55,909 customers.¹ With this Petition, Aqua seeks the authority to participate in certain State-run financing programs in order to access low-cost funding and obtain principal forgiveness for the benefit of its customers.

2. As the Board is well aware, the Water Bank is a partnership between the New Jersey Infrastructure Bank (“IBank”) and the New Jersey Department of Environmental Protection (“NJ DEP”) to provide access to low-cost financing for the implementation of projects to protect and improve New Jersey’s water quality. The Water Bank administers New Jersey’s Clean Water State Revolving Fund (“CWSRF”) and the Drinking Water State Revolving Fund (“DWSRF”) under the federal Clean Water Act and the Safe Drinking Water Act, respectively. Each year NJ

¹ Aqua is also engaged in the wastewater business and currently services approximately 6,600 wastewater customers.

DEP is required to publish the DWSRF Intended Use Plan that outlines the funding packages for the upcoming State Fiscal Year (“SFY”). In SFY25 (commencing in July 2024), the Water Bank is offering low-cost financing packages with features such as low interest loans, interest-free loans, and principal forgiveness for projects that meet each funding category’s eligibility criteria.

3. For several months, Aqua has been actively engaged with the Water Bank, IBank and NJ DEP to obtain access to the DWSRF for SFY25 for the following projects:

| <u>Project Description</u> | <u>Cost (in millions)</u> |
|---|---------------------------|
| Phillipsburg Lead Service Line Replacement (#2119001-002) | \$13.4 |
| Blackwood Lead Service Line Replacement (#0415002-001) | \$ 6.2 |
| Summit Lake PFAS Treatment (#1911004-001) | \$ 2.1 |
| PFAS Treatment in Hamilton (#1103001-004) | <u>\$21.0</u> |
| Total: | \$42.7 |

4. 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 participate in the IBank loan programs and to undertake the following actions: (1) to borrow up to \$42.7 million from the Water Bank/IBank (the “IBank Loans”) and the State of New Jersey, acting by and through NJ DEP, for the purpose of completing the three projects described herein; (2) to make, execute and deliver to US BANK N.A., as Trustee, one or more Supplemental Indentures to an original indenture dated as of October 1, 1957; (3) to issue and deliver to the IBank and the State of New Jersey up to \$42.7 million principal amount of First Mortgage Bonds as security for the IBank Loans; and (4) to take such actions as are necessary to effectuate the transactions described herein.

5. The Company had approximately \$143,643,963 total outstanding long-term debt on its books as of December 31, 2023.

6. The current weighted average interest rate on the \$143,643,963 of total debt outstanding is 4.09% with an average remaining life of 16.44 years. Based on information Aqua has received from the IBank at the time of this filing, the anticipated weighted average interest rate applicable to the proposed IBank Loans will be 4.03% with an average remaining life of 30 years.

7. The Company intends to issue and deliver its First Mortgage Bonds to the IBank and the State as security for the IBank Loans in an amount up to \$42.7 million. The IBank will sell bonds through one or more underwriters selected by a competitive process with a fixed rate of interest under circumstances where competitive conditions will be maintained throughout.

8. The proceeds derived from the IBank Loans will be used to complete the four projects identified in this Petition and described in greater detail below.

9. Phillipsburg Lead Service Line Replacement: Entails the replacement of approximately 1,000 customer-side lead service lines located in Phillipsburg, New Jersey at a cost of \$13.4 million. The replacement work is estimated to take place over a 36 month period. Under the IBank Loans, the project is eligible for 80% principal forgiveness (i.e., \$10,720,000 forgiven). The remaining balance of the project cost, \$2,680,000, is eligible for a mix of 0% interest and market rate financing (at a AAA credit rating). Specifically, 90% of the remaining balance (\$2,412,000) will be financed at a 0% interest rate and the remaining 10% of the project cost (\$268,000) will be financed at a market rate. The exact interest rate of the market rate financing will be determined at the time the IBank accesses the capital market.

10. Blackwood Lead Service Line Replacement: Entails the replacement of approximately 1,000 customer-side lead service lines located in Blackwood, Gloucester Township, New Jersey at a cost of \$6.2 million. The replacement work is estimated to take place over a 36 month period. Under the IBank Loans, the project is eligible for 80% principal forgiveness (i.e., \$4,960,000 forgiven). The remaining balance of the project cost, \$1,240,000, is eligible for a mix

of 0% interest rate and market rate financing (at a AAA credit rating). Specifically, 90% of the remaining balance (\$1,116,000) will be financed at a 0% interest rate and the remaining 10% of the project cost (\$124,000) will be financed at a market rate. The exact interest rate of the market rate financing will be determined at the time the IBank accesses the capital market.

11. Summit Lake PFAS Treatment: Entails the replacement of certain existing well facilities and the installation of PFAS treatment facilities to serve the Summit Lake water system. The Company estimates that the project will cost approximately \$2,123,340. Under the IBank Loans, the project is eligible for 100% principal forgiveness, up to \$2,000,000, including a 15% contingency. The project is “shovel ready” and Aqua is anxious to proceed with it in the next few months and to obtain the maximum funding available.

12. Hamilton PFAS Treatment: Entails the installation of PFAS treatment facilities at 4 locations in Hamilton Township, New Jersey at a cost of \$21,000,000. Installation of treatment facilities is estimated to take place over a 48 month period. Under the IBank Loans, the project is eligible for 100% principal forgiveness, up to \$2,000,000 per installation. While Aqua hopes to implement this project to obtain principal forgiveness for multiple sites in Hamilton, this request has been structured to reflect only \$2,000,000 of principal forgiveness in the event that is not possible. As with other IBank Loans, the remaining balance of the project cost, \$19,000,000, is eligible for a mix of 0% interest rate and market rate financing (at a AAA credit rating). Specifically, 75% of the remaining balance (\$14,250,000) will be financed at a 0% interest rate and the remaining 25% of the project cost (\$4,750,000) will be financed at a market rate. The exact interest rate of the market rate financing will be determined at the time the IBank accesses the capital market.

13. With respect to the IBank Loans, there are certain program mechanics of which the Board should be aware. Specifically, principal forgiveness is grant-like funding in the sense that

Aqua will carry the total debt of the project on its financial statements during the lifetime of the project. In addition, short term loans are available to applicants, such as Aqua, from the early project stages to cover planning and design costs. Once all project milestone approvals are met and a construction contract is approved by NJ DEP for award, the short term loan formally locks in financing terms and principal forgiveness packages. Recently, Aqua learned NJ DEP had authorized the Summit Lake PFAS project to seek bids for the project. Consequently, Aqua is anxious to expedite this financing request with the Board.

14. With respect to permanent long term financing, once the construction contract has reached final completion, and release of retainage is provided to the contractor, the loan may then transition to long term permanent financing. At the time of permanent financing, the allowable principal will be forgiven and the balance of the project costs will be financed as described above.

15. During the short-term loan phase, Aqua would only be charged interest on the amounts drawn against the loan through completion. At permanent financing, those interest payments may be recouped and added to the long term loan amount. Debt service payments will not commence until after permanent financing is in place, thus allowing every applicant, including Aqua, a three-year window to complete construction without paying back the loan until it is permanently financed. The amortization period for the IBank Loans can be up to 30-years or the full anticipated useful life of the asset (whichever is less). In the case of the projects listed herein, Aqua can certify a 30-year useful life.

16. Participation in the IBank Loans is in the public interest in that they present an opportunity for Aqua to obtain needed capital at a lower cost than market rate financing, with the added incentive of the opportunity to receive principal forgiveness for significant portions of the proposed loans. This presents a significant cost savings benefit to Aqua's customers who will use the facilities constructed and who are ultimately responsible to pay the cost of the proposed

projects. In order to obtain the most advantageous overall financing package, Aqua requests authority to utilize both the short- and long-term financing mechanisms offered by the IBank and to close anticipated loans over a multi-year period ending December 31, 2029. In addition, Aqua notes that the precise interest rates and amounts of principal forgiveness will not be known during the course of this proceeding due to the manner in which IBank Loans are structured and administered, and requests authority to participate in the IBank Loans without the requirement to return to the Board for any additional approvals once the final terms of the IBank Loans are known. The Company believes this requested flexibility is necessary to optimize its opportunity to qualify for the maximum amount of available principal forgiveness and optimal financing terms. Moreover, the Board is well aware of the safeguards and benefits built into the IBank loan program and can be assured that adequate oversight will be in place at all times in the IBank loan process.

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

| | |
|-----------|--|
| Exhibit A | Issuance timetable for bonds. |
| Exhibit B | Statement of interest coverage actual and pro forma for the twelve months ended December 31, 2023; |
| Exhibit C | Draft of a proposed form of Order; |
| Exhibit D | Balance Sheet as of December 31, 2023; |
| Exhibit E | Statement of Income for the twelve months ended December 31, 2023; |
| 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, 2023; |
| Exhibit H | Statement reflecting use of proceeds from the IBank Loans; and |
| Exhibit I | Security Basis Statement at December 31, 2023. |
| Exhibit J | IBank Estimate of Cost Savings From IBank Financing |

18. The following additional information regarding the financial condition of the Company at December 31, 2023 is also submitted for the Board's consideration:

(a) Total authorized common stock is 800,000 shares (\$5 par value) of which there are 724,625 shares issued and outstanding;

(b) There is no issued and outstanding preferred stock;

(c) \$0 of short-term debt outstanding as of December 31, 2023;

(d) Dividends paid in calendar year 2023 amounted to \$0;

(e) The following series (with their issue dates and original principal amounts indicated) were issued and outstanding as of December 31, 2023:

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 \$85,885,000.²

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

² This note represents the total amount of downstream 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), WF20030202 (Order dated May 5, 2020) and WF23090710 (Order dated December 20, 2023).

20. No franchise or right is proposed to be capitalized, directly or indirectly, as a result of, or in connection with, the proposed issuance of Aqua's First Mortgage Bonds as described herein.

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

Colleen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza, 15th Floor
Newark, New Jersey 07102
Colleen.Foley@saul.com
Colleen.Foley@saul.com

Courtney L. Schultz, Esq.
Saul Ewing LLP
Centre Square West
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Ted Holod
Controller
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691
(Phone) 609-587-4080
tmholod@aquawater.com

22. The Company respectfully requests that the Board decide this matter on an expedited basis. Funding under the IBank Loans program is limited, and the available funds for principal forgiveness are provided to projects that have obtained all necessary approvals. Thus, a prompt resolution of this request will help to ensure that Aqua's customers receive access to funds on the most advantageous terms. Therefore, the Company respectfully requests that the Board retain jurisdiction of this matter in order to ensure the prompt resolution of this proceeding.

WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the Board authorize the Petitioner: (1) to borrow up to \$42.7 million from the IBank and the State of New Jersey, acting by and through NJ DEP, for the purpose of completing the three projects described herein; (2) to make, execute and deliver to US BANK N.A., as Trustee, one or more Supplemental Indentures to an original indenture dated as of October 1, 1957; (3) to issue and deliver to the IBank and the State of New Jersey up to \$42.7 million principal amount of First

Mortgage Bonds as security for the IBank Loans; and (4) 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: October 25, 2024

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY, INC. FOR AUTHORITY
TO ISSUE EVIDENCE OF INDEBTEDNESS
PURSUANT TO THE NEW JERSEY
INFRASTRUCTURE BANK FINANCING
PROGRAM

BPU DOCKET NO. WF2406 _____

CERTIFICATION

Ted M. Holod, 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 Certification 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.


Ted M. Holod, Controller

Dated: October 25, 2024

Exhibit A

Aqua New Jersey, Inc. IBank Loans Timetable

Once the Board of Public Utilities has approved the transaction, Aqua New Jersey, Inc. will complete the respective projects according to plan. At that time, each respective loan will enter into permanent financing. Aqua New Jersey will realize forgiveness for a net principal of \$19,680,000. The remaining balance remaining of \$22,920,000 will be financed as follows: \$17,778,000 at 0% interest and \$5,142,000 at AAA Market Rate interest.

Exhibit B

Aqua New Jersey, Inc. Statement of Interest Coverage (Actual and Pro Forma for the Twelve Months Ended December 31, 2023)

| | 12/31/2023 ACTUAL | ADJUSTMENTS* | 12/31/2023 AUDITED | 12/31/2023 PRO FORMA | 12/31/2024 PRO FORMA |
|--|----------------------|--------------|-----------------------|-------------------------|-------------------------|
| GROSS OPERATING REVENUES | \$ 51,224,099 | | \$ 51,224,099 | \$ 51,736,193 | \$ 54,411,891 |
| NON-OPERATING REVENUES (A) | \$ 4,242,943 | | \$ 4,242,943 | \$ 602,250 | \$ 435,354 |
| | <u>\$ 55,467,042</u> | <u>0</u> | <u>\$ 55,467,042</u> | <u>\$ 52,338,443</u> | <u>\$ 54,847,245</u> |
| OPERATING EXPENSES: | | | | | |
| OPERATIONS EXPENSE | \$ 17,378,946 | 0 | \$ 17,378,946 | \$ 17,551,677 | \$ 18,078,227 |
| MAINTENANCE EXPENSE | \$ 692,333 | | \$ 692,333 | \$ 699,214 | \$ 720,191 |
| DEPRECIATION | \$ 10,577,833 | | \$ 10,577,833 | \$ 11,063,378 | \$ 12,294,109 |
| TAXES OTHER THAN INCOME | \$ 7,379,956 | | \$ 7,379,956 | \$ 7,451,084 | \$ 7,598,820 |
| | <u>\$ 36,029,068</u> | <u>0</u> | <u>\$ 36,029,068</u> | <u>\$ 36,765,353</u> | <u>\$ 38,691,347</u> |
| NET EARNINGS AVAILABLE FOR INTEREST COVERAGE | <u>\$ 19,437,974</u> | <u>\$ -</u> | <u>\$ 19,437,974</u> | <u>\$ 15,573,089</u> | <u>\$ 16,155,898</u> |
| INTEREST ON SECURED DEBT | <u>\$ 646,908</u> | | <u>\$ 646,908</u> | <u>\$ 637,043</u> | <u>\$ 622,840</u> |
| TOTAL INTEREST | <u>\$ 646,908</u> | | <u>\$ 646,908</u> | <u>\$ 637,043</u> | <u>\$ 622,840</u> |
| INTEREST COVERAGE | <u>30.05</u> | | <u>30.05</u> | <u>24.45</u> | <u>25.94</u> |

| | PROFORMA OUTSTANDING AT 12/31/23 | INTEREST ON BALANCE O/S AT 12/31/23 | PROFORMA OUTSTANDING AT 12/31/23 | Balances payable in 2023 | Balances payable in 2024 |
|----------------------|---|--|---|-----------------------------|-----------------------------|
| SERIES "P" | \$ 195,000 | 4.00% \$ 7,800 | 95,000 | 3,800 | (200) |
| SERIES "Q" | \$ 120,718 | 0.00% \$ - | 60,424 | - | - |
| 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 | 316,000 | 12,735 | 11,969 |
| SERIES "V" | \$ 183,452 | 0.00% \$ - | 133,372 | - | - |
| 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>\$ 11,749,066</u> | <u>\$ 637,043</u> | <u>\$ 622,840</u> |
| New Note From Parent | | 3.96% \$ - | | \$ - | \$ - |
| | <u>\$ 12,201,653</u> | <u>\$ 646,908</u> | | <u>\$ 637,043</u> | <u>\$ 622,840</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) \$ 19,437,974.00 | \$ 15,573,089.15 | \$ 16,155,897.99 |
| 15.00% | 15.00% | 15.00% |
| <u>\$ 2,915,696.10</u> ALERT | <u>\$ 2,335,963.37</u> | <u>\$ 2,423,384.70</u> |

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 ISSUE EVIDENCE OF INDEBTEDNESS | : | |
| PURSUANT TO THE NEW JERSEY | : | BPU DOCKET NO. WF2410 _____ |
| INFRASTRUCTURE BANK FINANCING | : | |
| PROGRAM | : | |

(SERVICE LIST ATTACHED)

BY THE BOARD:

Aqua New Jersey, Inc. (the “Company” or “Aqua”), a public utility of the State of New Jersey, filed a petition dated October __, 2024, pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, requesting authority to:

1. To borrow up to \$42.7 million from the Water Bank/IBank (the “IBank”) and the State of New Jersey, acting by and through NJ DEP, for the purpose of completing the three projects described herein;
2. To make, execute and deliver to US BANK, N.A., as Trustee, one or more Supplemental Indentures to an original indenture dated as of October 1, 1957;
3. To issue and deliver to the IBank and the State of New Jersey up to \$42.7 million principal amount of First Mortgage Bonds as security for the IBank loans; and
4. To take such actions as are necessary to effectuate the transactions described herein.

Petitioner’s First Mortgage Bonds Series EE will bear interest at rates that will ultimately be determined by the interest rates applicable to the IBank Bonds, which will be sold by competitive bidding. The Company requested that the relief set forth above be granted by the Board without the requirement for further Board Order as to the final pricing terms and loan forgiveness amounts, as those terms and amounts will not be known until a future date given the way the loan program is administered.

The structure of the IBank loans will be such that between 75% and 90% of the principal of the IBank Loans will be made by the IBank at a zero (0%) percent interest rate and the remaining amount of the loans at a rate nearly equal to the rate on the IBank’s tax exempt revenue bonds. In effect, the resulting rate of interest on the Company’s indebtedness will be significantly below market rate since the IBank Loans will reflect a blend of the zero rate of interest and market rate of interest.

The Company proposed to issue and deliver its First Mortgage Bonds to the IBank and the State of New Jersey as security for the loans from the IBank and the State to Aqua in an amount up to \$42.7 million. The IBank Bonds will be sold through one or more underwriters selected by competitive bid with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the issuance of the Petitioner's First Mortgage Bonds will be used by the Company to finance the four projects identified in the Petition (involving replacement of lead service lines in its Phillipsburg and Blackwood service territories and installation of PFAS treatment facilities in Aqua's Hamilton and Summit Lake service territories), and to pay any issuance expenses and related costs. Aqua anticipates seeking additional loans from the IBank in the future and will seek Board approval at that time.

Aqua has stated that no franchise or right will be capitalized directly or indirectly by the issuance of its First Mortgage Bonds.

The Division of Rate Counsel has reviewed the Company's request and does not object to its approval.

Based on its review of the proposed financing, the Board FINDS that the proposed issuance of the First Mortgage Bonds will be in the best interest of the Company's customers. Participation in the IBank loan program should provide maximum flexibility at the lowest cost for meeting the Company's financing needs.

Accordingly, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the actions sought to be taken by Aqua as described above and in the Petition, pursuant to N.J.S.A. 48:3-9, 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 Aqua be, and is HEREBY AUTHORIZED to:

1. Borrow up to \$42.7 million from the IBank and the State of New Jersey, acting by and through NJ DEP, and to make, execute and deliver to the IBank and the State of New Jersey, any and all documents required therewith;
2. Make, execute and deliver to US BANK, N.A., as Trustee, one or more Supplemental Indentures to an original indenture dated as of October 1, 1957;
3. Issue and deliver to the IBank and the State of New Jersey up to \$42.7 million principal amount of First Mortgage Bonds as security for the IBank loans; and
4. Take such actions as are necessary to effectuate the transactions described herein.

This Order is issued subject to the following provisions:

1. 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.
2. 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.
3. 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.
4. 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, 2029.

DATED:
(SEAL)

BOARD OF PUBLIC UTILITIES
BY:

Exhibit D
AQUA NEW JERSEY, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2023 (AUDITED)

| Assets | | | Liabilities and Common Stockholder's Equity | | |
|---|--|--|--|--|-----------------------|
| Utility property plant & equipment | | \$ 461,869,390 | Common stockholder's equity: | | \$ 3,603,125 |
| Net utility plant adjustment | | \$ (894,178) | Common stock | | 20,365,083 |
| Subtotal | | 460,975,212 | Capital in excess of par | | 125,279,873 |
| Less: Allowance for depreciation | | (116,893,274) | Retained earnings | | 149,248,081 |
| Net utility plant | | <u>344,081,938</u> | Total common stockholder's equity | | <u>149,248,081</u> |
| CWIP | | 16,059,433 | Long-term debt, excluding current portion | | 141,612,927 |
| Net plant | | <u>360,141,371</u> | Current liabilities: | | |
| Current assets: | | | Current portion of long-term debt | | 452,587 |
| Cash and cash equivalents | | 113,379 | Accounts payable | | 3,813,787 |
| Accounts receivable | | 4,744,223 | Accounts payable-affiliate | | 3,023,500 |
| Accounts receivable-affiliate | | 6,133,000 | Accrued interest | | 19,945 |
| Allowance for doubtful accounts | | (362,931) | Other current liabilities | | 2,423,500 |
| Unbilled revenues | | 2,561,425 | Total current liabilities | | <u>9,733,319</u> |
| Materials and supplies | | 4,790,378 | Deferred credits and other non-current liabilities: | | |
| Prepayments and other current assets | | 473,123 | Customers' advances for construction | | 31,189,315 |
| Total current assets | | <u>18,452,596</u> | Deferred income taxes | | 32,456,525 |
| Deferred charges and other non-current assets: | | | Investment tax credits | | 347,568 |
| Regulatory assets | | 44,907,027 | Regulatory liabilities | | 32,215,131 |
| Other non-current assets | | 237,500 | Other non-current liabilities | | 2,609 |
| Total deferred charges and other non-current assets | | <u>45,144,527</u> | Total deferred credits and other non-current liabilities | | <u>96,211,148</u> |
| | | | Contributions in aid of construction | | 26,933,019 |
| | | | | | <u>\$ 423,738,494</u> |

Exhibit E
AQUA NEW JERSEY, INC.
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 (AUDITED)

| | | |
|--|----|-------------|
| Operating revenues | \$ | 51,872,121 |
| Operating expenses: | | |
| Operations and maintenance | | 17,574,828 |
| Depreciation | | 10,577,833 |
| Amortization | | 436,897 |
| Taxes other than income taxes | | 7,379,956 |
| | | 35,969,515 |
| Total cost and expenses | | 35,969,515 |
| Operating income | | 15,902,606 |
| Other (income) deductions: | | |
| Interest on long-term debt | | 4,145,304 |
| Capital Int Other Than AFUDC | | (431,284) |
| Other interest expense (income) | | 1,135 |
| Allowance for funds used during construction | | (791,891) |
| Other Net (Income) Expense | | 77,760 |
| | | 3,001,024 |
| Total other (income) deductions | | 3,001,024 |
| Income before income taxes | | 12,901,582 |
| Provision for income taxes | | (3,504,420) |
| | | 16,406,002 |
| Net income | \$ | 16,406,002 |

EXHIBIT F
AQUA NEW JERSEY, INC.
CAPITALIZATION STATEMENT

The Company's capitalization as of December 31, 2023 audited and Proforma December 31, 2024; December 31, 2025

| | Audited @ 12/31/2023 | | Adjustment | | Pro Forma @ 12/31/2024 | | Adjustment | | Pro Forma @ 12/31/2025 | |
|---|-----------------------|----------------|---------------------|----------------|------------------------|----------------|---------------------|----------------|------------------------|----------------|
| | Amount | % | Amounts | % | Amounts | % | Amounts | % | Amounts | % |
| Common Shareholders' Investment: | | | | | | | | | | |
| Common Stock | \$ 3,603,125 | 1.10% | \$ 3,603,125 | 1.19% | \$ 3,603,125 | 1.19% | \$ 3,603,125 | 1.12% | \$ 3,603,125 | 1.12% |
| Amounts in Excess of Par Value | 20,365,083 | 6.22% | \$ (45,883,187) | -8.40% | (25,518,104) | -8.40% | \$ (16,226,000) | -12.98% | (41,744,104) | -12.98% |
| Reinvested Earnings | 125,279,873 | 38.25% | 22,578,282 | 48.68% | 147,858,155 | 48.68% | 34,399,000 | 56.67% | 182,257,155 | 56.67% |
| | 149,248,081 | 45.57% | 125,943,176 | 41.47% | 125,943,176 | 41.47% | 144,116,176 | 44.81% | 144,116,176 | 44.81% |
| | 14,578,868 | | 15,626,960 | | 15,626,960 | | 15,626,960 | | 15,626,960 | |
| First Mortgage Bonds and Other Debt: | | | | | | | | | | |
| Series "P", due 2024 | 100,000 | 0.03% | (100,000) | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Series "Q", due 2024 | 60,295 | 0.02% | (60,295) | 0.00% | (0) | 0.00% | (0) | 0.00% | (0) | 0.00% |
| Series "S", due 2036 | 6,000,000 | 1.83% | | 1.98% | 6,000,000 | 1.98% | | 1.87% | 6,000,000 | 1.87% |
| Series "T", due 2037 | 3,800,000 | 1.16% | | 1.25% | 3,800,000 | 1.25% | | 1.18% | 3,800,000 | 1.18% |
| Series "U", due 2028 | 320,000 | 0.10% | (58,000) | 0.09% | 262,000 | 0.09% | (58,000) | 0.06% | 204,000 | 0.06% |
| Series "V", due 2028 | 134,397 | 0.04% | (50,080) | 0.03% | 84,317 | 0.03% | (50,080) | 0.01% | 34,237 | 0.01% |
| Series "W", due 2029 | 114,000 | 0.03% | (19,000) | 0.03% | 95,000 | 0.03% | (19,000) | 0.02% | 76,000 | 0.02% |
| Series "X", due 2009 | 89,696 | 0.03% | (14,949) | 0.02% | 74,746 | 0.02% | (14,949) | 0.02% | 59,797 | 0.02% |
| Series "Y", due 2029 | 85,000 | 0.03% | (14,000) | 0.02% | 71,000 | 0.02% | (14,000) | 0.02% | 57,000 | 0.02% |
| Series "Z", due 2029 | 71,866 | 0.02% | (11,977) | 0.02% | 59,889 | 0.02% | (11,977) | 0.01% | 47,912 | 0.01% |
| Series "AA", due 2030 | 175,000 | 0.05% | (25,000) | 0.05% | 150,000 | 0.05% | (25,000) | 0.04% | 125,000 | 0.04% |
| Series "BB", due 2030 | 75,681 | 0.02% | (10,812) | 0.02% | 64,869 | 0.02% | (10,812) | 0.02% | 54,057 | 0.02% |
| Series "CC", due 2031 | 400,000 | 0.12% | (45,000) | 0.12% | 355,000 | 0.12% | (45,000) | 0.10% | 310,000 | 0.10% |
| Series "DD", due 2031 | 333,029 | 0.10% | (43,475) | 0.10% | 289,553 | 0.10% | (43,475) | 0.08% | 246,078 | 0.08% |
| Unsecured Debt due 11/03/41 | 1,500,000 | 0.46% | | 0.49% | 1,500,000 | 0.49% | | 0.47% | 1,500,000 | 0.47% |
| Unsecured Debt due 05/01/29 | 37,504,444 | 11.45% | | 12.35% | 37,504,444 | 12.35% | | 11.66% | 37,504,444 | 11.66% |
| Unsecured Debt due 05/01/49 | 46,880,556 | 14.32% | | 15.43% | 46,880,556 | 15.43% | | 14.58% | 46,880,556 | 14.58% |
| Unsecured Debt - Essential | 40,000,000 | 12.21% | | 13.17% | 40,000,000 | 13.17% | | 12.44% | 40,000,000 | 12.44% |
| Unsecured Debt - New | 40,600,000 | 12.40% | (452,588) | 13.37% | 40,600,000 | 13.37% | (292,293) | 12.62% | 40,600,000 | 12.62% |
| | 178,243,963 | 54.42% | 177,791,375 | 58.54% | 177,791,375 | 58.54% | 177,499,082 | 55.20% | 177,499,082 | 55.20% |
| Short Term Debt: | | | | | | | | | | |
| | - | 0.00% | | 0.00% | - | 0.00% | | 0.00% | - | 0.00% |
| Total Capitalization | \$ 327,492,044 | 100.00% | \$ (452,588) | 100.00% | \$ 303,734,551 | 100.00% | \$ (292,293) | 100.00% | \$ 321,615,258 | 100.00% |

Exhibit G
AQUA NEW JERSEY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2023 (AUDITED)

| | 12/31/2023 |
|---|-------------------|
| Cash flows from operating activities: | |
| Net income | \$ 16,406,002 |
| Noncash items in net income: | |
| Depreciation & amortization | \$ 11,014,731 |
| Deferred income taxes | \$ (1,221,006) |
| Provision for Doubtful Accounts | \$ 229,241 |
| Stock based compensation | \$ 1,823 |
| Allowance for equity funds used during construction | \$ (561,302) |
| Net change in A/R, invent & prepayments | \$ 34,067,000 |
| Net change in A/P & other accruals | \$ (8,413,000) |
| Net change in accrued interest | \$ - |
| Other | \$ (4,239,000) |
| Net cash flows from operating activities | \$ 47,284,489 |
| Cash flows from investing activities: | |
| Construction expenditures | \$(41,021,000) |
| LSL Replacement | \$ (5,239,000) |
| Increase in funds restricted for construction | |
| Decrease in funds restricted for construction | |
| Allowance for funds used during construction | \$ (230,588) |
| Net cash flows from investing activities | \$(46,490,588) |
| Cash flows from financing activities: | |
| CAC & CIAC | \$ 116,180 |
| Repayments of customers' advances | \$ (614,771) |
| Net proceeds (repayments) of short-term debt | \$ - |
| Proceeds from long-term debt | \$ - |
| Repayments of long-term debt | \$ (442,690) |
| Dividends paid on common stock | |
| Net inter-company advance activity | \$ - |
| Other | \$ - |
| Net cash flows from financing activities | \$ (941,281) |
| Net increase (decrease) in cash | \$ (147,380) |
| Cash and equivalents at beginning of year | \$ 262,000 |
| Cash and equivalents at end of period | \$ 114,620 |

Exhibit H

Aqua New Jersey, Inc. Use of Proceeds

The purpose of the proposed financing is to complete the replacement of certain lead service lines in portions of Phillipsburg, New Jersey and Blackwood, Gloucester Township, New Jersey, and to install PFAS treatment facilities in Hamilton, New Jersey and Hardyston (Summit Lake), New Jersey.

EXHIBIT I
AQUA NEW JERSEY, INC.
SECURITY BASIS STATEMENT
AS OF DECEMBER 31, 2023 (AUDITED)

| | | |
|--------------------------------|--|----------------------|
| UTILITY PLANT IN SERVICE | | \$ 460,975,212 |
| LESS: ACCUMULATED DEPRECIATION | | <u>(116,893,274)</u> |
| NET UTILITY PLANT IN SERVICE | | <u>344,081,938</u> |

| | | |
|----------------------------|--|--------------------|
| CURRENT AND ACCRUED ASSETS | | <u>34,512,029</u> |
| CAPITALIZABLE ASSETS | | <u>378,593,967</u> |

CAPITAL AND LIABILITIES:

| | | | |
|---------------------------------|------------------|-------------------------|--|
| DEBT CAPITAL (**) | \$ 45,537,870 | | |
| COMMON STOCK (*) | 3,603,125 | | |
| PREFERRED STOCK | 0 | | |
| PREMIUM ON CAPITAL STOCK | 0 | | |
| PAID IN CAPITAL | 20,365,083 | | |
| REACQUIRED CAPITAL STOCK | 0 | | |
| CURRENT AND ACCRUED LIABILITIES | <u>9,280,732</u> | <u>78,786,809</u> | |
| UNCAPITALIZED ASSETS | | <u>\$ 299,807,158 *</u> | |

CONTRIBUTIONS IN AID OF CONSTRUCTION \$ 26,933,019

DEFERRED CREDITS 96,211,148

RETAINED EARNINGS 125,279,873 248,424,040

DEFERRED DEBITS AND OTHER (51,383,118) \$ 299,807,158 *

(*) 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 IBank Loans



Financing Cost Estimate Report



This Financing Cost Estimate Report was prepared by the New Jersey Infrastructure Bank (NJIB) for **Eleni Giannikopoulos** representing **AQUA-NJ** on May 03, 2024. This Report is generated pursuant to P.L. 2017, c. 71 for **AQUA-NJ** to provide a comparison of the cost of financing a proposed environmental infrastructure project, as summarized below, both independently by **AQUA-NJ** and through the New Jersey Environmental Infrastructure Financing Program (NJEIFP).

As of November 7th, 2017, any local government unit or authority seeking to **independently** finance \$1,000,000 or more of the costs of any environmental infrastructure project is required to obtain a Financing Cost Estimate Report from the NJEIT and submit same, if a Local Government Unit, to the Division of Local Government Services in the Department of Community Affairs ("DCA") with the local government's supplemental debt statement required pursuant to N.J.S.40A:2-42, or if an Authority, to the Local Finance Board within the DCA along with the proposed project financing required to be submitted pursuant to section 6 of P.L.1983, c.313 (C.40A:5A-20 6).

The WISE calculator should be used only as an estimate of projected financing costs.

| Project Description (as provided by Eleni Giannikopoulos): |
|--|
| Various Infrastructure Improvements |

| Rating Agency | NJEIFP Credit Rating | AQUA-NJ Credit Rating Provided by Eleni Giannikopoulos |
|---------------|----------------------|--|
| Fitch | AAA | |
| Moody's | Aaa | |
| S&P | AAA | AA+ |

| Cost of Financing | NJEIFP | Independent Financing |
|---|---------------------|-----------------------|
| Short Term Financing / BAN | None | None |
| Long Term Financing | 30 Years | 30 Years |
| Project Cost | \$22,920,000 | \$22,920,000 |
| Additional Costs (AIS, Engineering) ^{2a} | \$1,306,440 | \$0 |
| Total Requested Amount | \$24,226,440 | \$22,920,000 |

| Total Payments | | |
|---|---------------------|---------------------|
| 5% Upfront Cash Funding (LFB Requirement) ^{2d} | \$0 | \$1,146,000 |
| Interest Paid on Short-Term Loan | \$0 | \$0 |
| Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short-term loan interest) | \$6,325,000 | \$22,005,000 |
| Bond Loan Interest | \$5,061,041 | \$17,957,053 |
| Fund Loan | \$18,169,830 | \$0 |
| DEP Fee (Non-financed portion) | \$229,200 | \$0 |
| Total NJEIT Admin Fee (Annual Fee = \$41,641) | \$1,228,416 | \$0 |
| Total Cost of Financing | \$31,013,487 | \$41,108,053 |

| Assumptions | | |
|--------------------------------------|-----------|-----------|
| Total DEP Fee ^{2a} | \$458,400 | \$0 |
| Annual NJEIT Admin Fee ^{2b} | \$41,641 | \$0 |
| Underwriters' Discount ^{2a} | \$31,625 | \$220,050 |
| Cost of Issuance ^{2b} | \$6,325 | \$0 |
| Effective Interest Rate (Estimated) | 1.475% | 4.301% |

| | |
|---|--------------|
| TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING: | \$10,105,516 |
| (44.09% of Project Cost) | |