



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

IN THE MATTER OF MIDDLESEX WATER) WATER
COMPANY FOR APPROVAL TO ISSUE UP)
TO 100,000 SHARES OF COMMON STOCK) ORDER AUTHORIZING THE ISSUANCE
UNDER THE COMPANY'S DIRECTOR) OF COMMON STOCK
STOCK COMPENSATION PLAN)

DOCKET NO. WF08040213

(SERVICE LIST ATTACHED)

BY THE BOARD:

Middlesex Water Company ("Petitioner" or the "Company"), a public utility of the State of New Jersey, by Petition filed April 9, 2008 with the New Jersey Board of Public Utilities ("Board"), requests authority pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, to issue 100,000 shares of Common Stock having no par value, through its Outside Director Stock Compensation Plan (the "Plan").

The Plan was approved by the Company's Board of Directors as evidenced by the Consent of the Board executed as of March 13, 2008, subject to shareholder approval and regulatory approvals. Shareholders voted to approve the Plan at the Company's May 21, 2008 Annual Meeting. The purpose of the Plan is to attract and retain Outside Directors of outstanding ability by paying such directors a portion of their compensation in Common Stock, thereby affording them an opportunity to share in the future successes of the Company.

If needed regulatory approvals are granted, the Plan will be administered by the Company's Board of Directors. The Board of Directors will have general administrative authority concerning the Plan, and will have exclusive power to determine the amount of annual grants of stock to each member of the Board of Directors, and will determine any restrictions or terms applicable to such grants under the Plan.

The total number of shares of Common Stock reserved and available for issuance under the Plan is 100,000. The shares shall be either previously authorized and unissued shares or treasury shares. Any shares issued under the Plan and which have been forfeited in accordance with the Plan shall again be available for issuance under the Plan.

According to Petitioner, currently outside directors' fees are paid by check, and the Company has consistently recorded directors' fees as an expense in BPU Uniform System of Accounts

number 930. Furthermore, Petitioners state that, with respect to the Plan, the contra entry to the directors' fee expense would be Common Stock.

By letter dated July 17, 2008, the Division of the Rate Counsel notified the Board that it has reviewed the Petition and supporting documents and is not opposed to its approval, provided that any approval does not include authorization to include any specific assets or amounts in the rate base, or include authorization for any other ratemaking treatment..

Board approval of this matter does not include authorization to include any specific amounts or assets in the Company's rate base, and does not include authorization for ratemaking treatment of any specific amounts or assets.

The Board, after investigation, FINDS that the proposed transaction is in accordance with law, and is in the public interest.

Therefore, the Board HEREBY ORDERS that Middlesex Water Company be and is HEREBY AUTHORIZED to issue 100,000 additional shares of Common Stock having no par value, through its Outside Director Stock Compensation Plan.

This Order is subject to the following provisions:

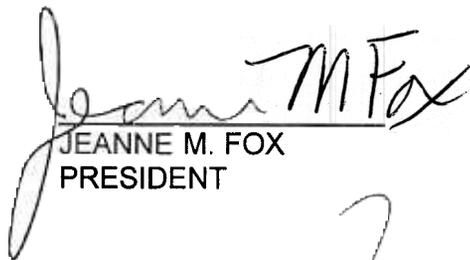
- 1 This Order shall not be construed as a certification that the securities authorized to be offered for sale will be represented by tangible or intangible assets of commensurate value or investment cost.
2. The Board's approval is expressly limited to the issuance of Common Stock without par value described herein and as more fully described in the Petition and supporting documents.
3. This Order shall not affect or in any way limit the exercise of the authority of the Board or of this State in any future petition or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.
4. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets now owned or hereafter to be owned by the Petitioner.
5. Pursuant to N.J.A.C. 14:1-5.9(b) (1)-(2), Petitioner shall file semiannually with the Board a statement setting forth the following: (1) the amount of stocks or other evidence of indebtedness issued under this Order; and (2) the extent to, and in detail, the manner in which the proceeds thereof, if any, have been distributed.
6. Within fifteen days of approval of the Plan by the Securities and Exchange Commission, Petitioner shall provide to the Board, written documentation from that agency, that approval was granted.
- 7 The Board's approval of the issuance of stock under the Plan shall not constitute approval for ratemaking purposes of any component, cost or expense relating to the Plan, including, but not limited to, operating expenses, equity or capital structure. Any determination as to the appropriateness or reasonableness of the

costs and expenses related to the Plan, and the allocation of such costs and expenses, shall be made in an appropriate subsequent base rate proceeding.

8. Petitioner shall track and make available a detailed accounting of all entries relating to the Plan including the following: account number, and date of issue of any stock, plus director's name, committees director is on, value of stock and basis of value, number of shares issued to each director in any year, total number of shares issued to each director, and total number of shares issued under the Plan.

DATED: 8/1/08

BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



NICHOLAS ASSELTA
COMMISSIONER



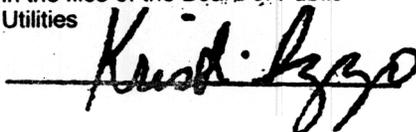
ELIZABETH RANDALL
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



In the Matter of Middlesex Water Company for Approval to Issue up to 100,000 Shares of Common Stock
Under the Company's Director Stock Compensation Plan
Docket No. WF08040213

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