



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

IN THE MATTER OF THE APPLICATION OF) WATER
MIDDLESEX WATER COMPANY FOR)
AUTHORITY TO BORROW UP TO \$4.0) ORDER AUTHORIZING BORROWING
MILLION AND TO ISSUE EVIDENCES OF) AND ISSUANCE OF INDEBTEDNESS
INDEBTEDNESS PURSUANT TO THE)
ENVIRONMENTAL INFRASTRUCTURE) DOCKET NO. WF07030216
TRUST FINANCING PROGRAM)

(SERVICE LIST ATTACHED)

BY THE BOARD:

Middlesex Water Company ("Middlesex" or "Petitioner"), a public utility of the State of New Jersey, by petition filed with the New Jersey Board of Public Utilities ("Board") on March 28, 2007, pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, requests authority to:

1. Borrow up to \$4.0 million ("Loans") from the New Jersey Environmental Infrastructure Trust ("Trust") and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection ("State") and make, execute and deliver to the Trust and the State documents required in connection therewith;
2. Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to US Bank National Association, as Trustee, for the purpose among other things, of describing the terms of Petitioner's First Mortgage Bonds (hereinafter called the "Company's Bonds"), or to make such guarantee or guarantees as are required by State and the Trust to secure the Loans; and
3. Issue and deliver, if necessary, to the Trust and the State up to \$4.0 million principal amount of the Company's Bonds, due 2027. Petitioner's Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

Petitioner requests that the relief set forth in paragraphs (1) through (3) above be granted by the Board without the requirement for a further Board Order.

The Trust will issue and sell its tax-exempt bonds and the proceeds together with other State monies will be used to create a fund available for loans to qualified borrowers, all pursuant to the 2007 New Jersey Environmental Infrastructure Trust Financing Program. Loans to various

entities, including the Loans to the Petitioner, will be made from the loan fund. Petitioner proposes to issue and deliver its Bonds to the Trust and the State as security for the Loans from the Trust and the State to Petitioner of up to \$4.0 million. The Trust Bonds will be sold through one or more underwriters with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the Loans will be used by the Company to finance a project for rehabilitating its cast-iron transmission and distribution mains, referred to as "Cleaning and Lining", under the Company's continuing RENEW program. The Cleaning and Lining project is an annual program estimated to continue for over 15 years and the proceeds of the Loans will be used for the project work for the calendar year 2008.

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

By letter dated May 30, 2007, the Division of the Rate Counsel has reviewed the petition and supporting documents and is not opposed to its approval.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, is satisfied that the proposed transactions to be taken by Petitioner, as indicated above, are in accordance with law, and are in the public interest. The Board therefore AUTHORIZES Petitioner to:

1. Borrow up to \$4.0 million from the Trust and the State of New Jersey, acting by and through the State, and make, execute and deliver Loan Agreements therefor and to make, execute and deliver to the Trust and the State documents required in connection therewith;
2. Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to US Bank National Association, as Trustee, for the purpose, among other things, of describing the terms of the Company Bonds, or make such guarantee or guarantees as are required by the State and the Trust to secure the loans; and
3. Issue and deliver, if necessary, to the Trust and the State up to \$4.0 million principal amount of the Company's Bonds, due 2027. Petitioner's Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

This Order is issued subject to the following provisions:

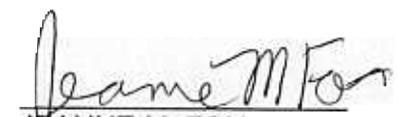
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment cost.

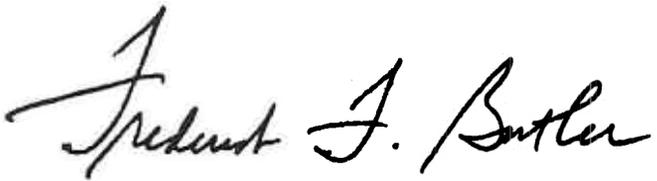
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
3. Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (30) days following the closing date for this transaction.
4. Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
5. The Bonds herein authorized to be issued shall not be redeemed at a premium, prior to maturity, without further Board approval.

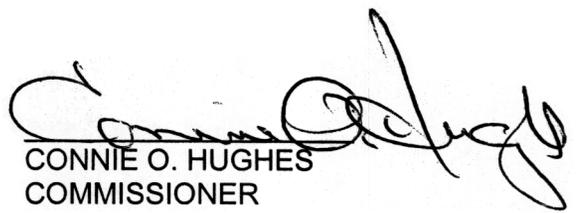
6. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before January 31, 2008.

DATED: 6/20/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

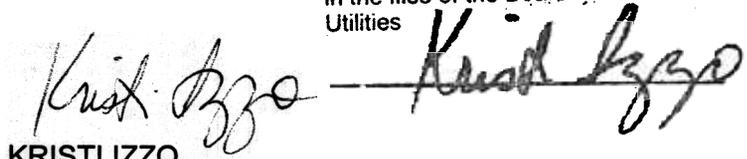

FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

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


KRISTI IZZO
SECRETARY

SERVICE LIST

In the Matter of the Application of Middlesex Water Company for Authority to Borrow up to \$4.0 million and to Issue Evidences of Indebtedness Pursuant to the Environmental Infrastructure Trust Financing Program

Docket No. WF07030216

Mark Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Seema M. Singh, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Elise Goldblat, Esq. DAG
Dept of Law & Public Safety
Division of Law, Public
Utility Section
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Debra Robinson, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

A. Bruce O'Connor
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

John Lombardo
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Kenneth J. Quinn, Esq.
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830