



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

IN THE MATTER OF THE APPLICATION OF)	<u>WATER</u>
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. WF08030163
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 17, 2008, 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 2028. 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 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 2009.

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

By letter dated April 24, 2008, the Division of the Rate Counsel has reviewed the petition and supporting documents and is not opposed to its approval.

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, 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 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 2028. Petitioner's Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds, are to be secured equally and ratably with the Company's outstanding bonds by the aforesaid Indenture of Mortgage as supplemented, and 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 thirty (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.

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, 2009.

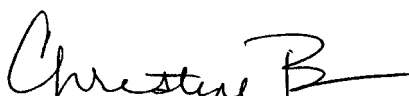
DATED: 5/9/08

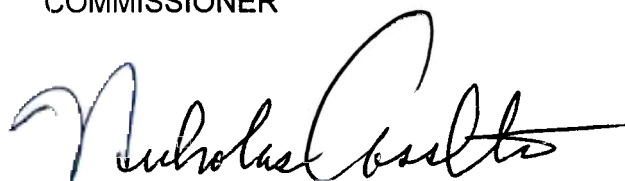
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

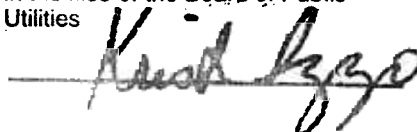

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER


NICHOLAS ASSELTA
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



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. WF08030163

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