



Agenda Date: 4/14/10
Agenda Item: 5B

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

WATER

IN THE MATTER OF THE APPLICATION OF)
MIDDLESEX WATER COMPANY FOR AUTHORITY TO) **ORDER**
BORROW UP TO \$4.0 MILLION AND TO ISSUE)
EVIDENCES OF INDEBTEDNESS PURSUANT TO)
THE ENVIRONMENTAL INFRASTRUCTURE TRUST)
FINANCING PROGRAM) **DOCKET NO. WF10020147**

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

BY THE BOARD:

Middlesex Water Company (Middlesex or Petitioner), a public utility of the State of New Jersey, by petition filed with the Board of Public Utilities (Board) on February 25, 2010, pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9, requests authority to:

- a) 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;
- b) 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
- c) Issue and deliver, if necessary, to the Trust and the State up to \$4.0 million principal amount of the Company's Bonds, due 2030. 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 (a) through (c) above be granted by the Board without 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 2010 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 2011.

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

In a letter dated March 31, 2010, the Division of Rate Counsel informed the Board that it has reviewed this matter and is not opposed to the approval of the petition

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 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 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 Petitioner's First Mortgage 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 2030. 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 (60) 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, 2011.

DATED: 4/16/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

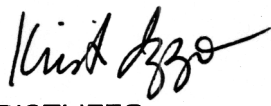

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

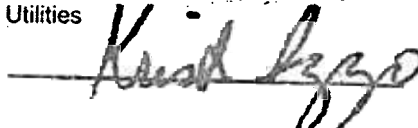

NICHOLAS ASSELTA
COMMISSIONER


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



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

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