



Agenda Date: 1/25/17
Agenda Item: 5F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl., Ste. 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE APPLICATION OF)
MIDDLESEX WATER COMPANY FOR AUTHORITY TO)
BORROW UP TO \$37.0 MILLION AND TO ISSUE)
EVIDENCES OF INDEBTEDNESS PURSUANT TO THE)
ENVIRONMENTAL INFRASTRUCTURE TRUST)
FINANCING PROGRAM)

ORDER

DOCKET NO. WF16111107

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Jay L. Kooper, Esq., V.P., General Counsel & Secretary, Middlesex Water Company

BY THE BOARD:

Middlesex Water Company ("Company" or "Petitioner"), a public utility of the State of New Jersey, by petition filed with the Board of Public Utilities ("Board") on November 22, 2016, 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 \$37.0 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 "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 \$37.0 million principal amount of the Company's Bonds, with a final maturity twenty years from the issuance date of the Company's Bonds. Petitioner's Bonds will bear interest

at approximately one-quarter 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 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 2016 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 \$37.0 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 the Western Transmission Main, a 48-inch diameter redundant pipeline that will run for approximately 4.6 miles from the Company's Carl J. Olsen water treatment plant in the Township of Edison to an interconnection with a 30-inch peripheral transmission main located in the Borough of Metuchen. The Western Transmission Main will serve as a redundant delivery system of water supply for the Company's retail service area in northwest Middlesex County when the single, 4.3-mile long transmission main currently serving this area needs to be taken out of service for any reason, whether routine maintenance or failure caused by a pipeline breach. The proceeds of the Loans will be used for project work for the calendar years 2017 and 2018.

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

By letter dated January 4, 2017, the Division of Rate Counsel indicated that it approved the Company's request, subject to certain conditions that are contained in this Order.

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 \$37.0 million from the New Jersey Environmental Infrastructure Trust and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, 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 \$37.0 million principal amount of the Company's Bonds, with a final maturity twenty years from the issuance of the Company's Bonds. Petitioner's Bonds will bear interest at approximately one-quarter of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

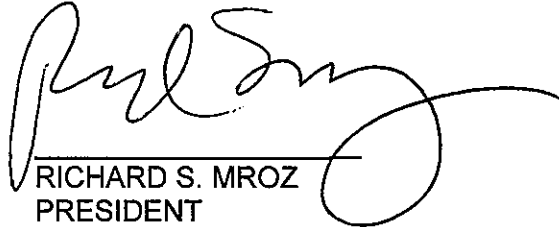
This Order is issued subject to the following provisions:

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 shall this Order be construed as directly or indirectly certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment costs.
2. 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, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matter 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 December 31, 2019.

The Order shall become effective on February 4, 2017.

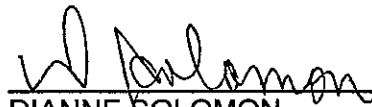
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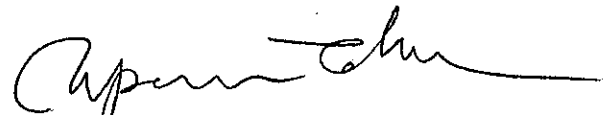
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

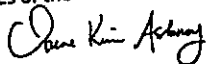

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST 
IRENE KIM ASBURY
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 THE APPLICATION OF MIDDLESEX WATER COMPANY FOR
AUTHORITY TO BORROW UP TO \$37.0 MILLION AND TO ISSUE EVIDENCES OF
INDEBTEDNESS PURSUANT TO THE ENVIRONMENTAL INFRASTRUCTURE TRUST
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