



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 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 \$14.0 MILLION AND TO ISSUE)
EVIDENCES OF INDEBTEDNESS PURSUANT TO THE)
NEW JERSEY WATER INFRASTRUCTURE BANK)
FINANCING PROGRAM)

ORDER

DOCKET NO. WF18010063

Parties of Record:

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

BY THE BOARD:¹

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 January 29, 2018, 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 \$14.0 million ("Loans") from the New Jersey Water Infrastructure Bank ("Bank") (formerly known as the New Jersey Environmental Infrastructure 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 Bank and the State documents required in connection therewith;
- b) Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to U.S. 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 Bank to secure the Loans; and
- c) Issue and deliver, if necessary, to the Bank and the State up to \$14.0 million principal amount of the Company's Bonds, with a final maturity date concurrent with the maximum term permitted by the Bank at the time of the closing of the Loans. Petitioner's Bonds will bear interest at approximately one-quarter of the interest rate of the Bank's Bonds which are intended to be sold by competitive bidding.

¹ Commissioner Richard S. Mroz recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

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 Bank 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 2018 New Jersey Water Infrastructure Bank 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 Bank and the State as security for the Loans from the Bank and the State to Petitioner of up to \$14.0 million. The Bank Bonds will be sold through one or more underwriters, 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 replacing its cast-iron transmission and distribution mains under the Company's continuing RENEW program and, where it is determined by the Company to be feasible, rehabilitate certain cast-iron transmission and distribution mains, referred to as "Cleaning and Lining," also under the Company's continuing RENEW program. The RENEW program is an annual program and the proceeds of the Loans will be used for the project work for the RENEW 2018 program.

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

By letter dated March 8, 2018, 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 \$14.0 million from the New Jersey Water Infrastructure Bank 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 Bank and the State documents required in connection therewith;
2. Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to U.S. 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 Bank to secure the loans; and
3. Issue and deliver, if necessary, to the Bank and the State up to \$14.0 million principal amount of the Company's Bonds, with a final maturity date concurrent with the maximum term permitted by the Bank at the time of the closing of the Loans. Petitioner's Bonds will bear interest at approximately one-quarter of the interest rate of the Bank'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

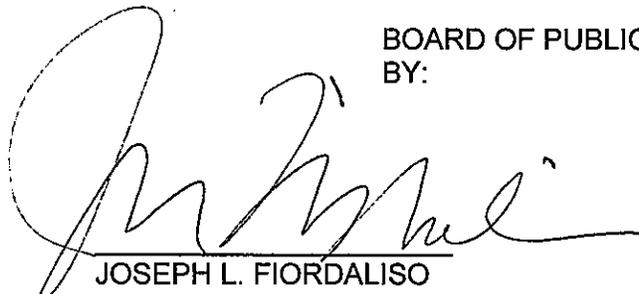
owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment cost.

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 ninety (90) 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, 2020.

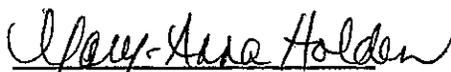
This Order shall become effective on April 5, 2018.

DATED: 3/26/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



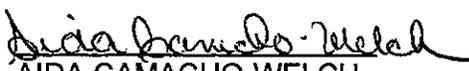
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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AUTHORITY TO BORROW UP TO \$14.0 MILLION AND TO ISSUE EVIDENCES OF
INDEBTEDNESS PURSUANT TO THE NEW JERSEY WATER INFRASTRUCTURE BANK
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