



RECEIVED
JAN 13 2016
CMS

January 12, 2016
(Via Federal Express)

RECEIVED
JAN 13 2016
BOARD OF PUBLIC UTILITIES
MAIL ROOM

Honorable Irene Kim Asbury
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: In the Matter of the Application of Middlesex Water Company
For Authority to Borrow up to \$16.0 Million and to Issue Evidences
of Indebtedness Pursuant to the Environmental Infrastructure Trust
Financing Program.
BPU Docket No.: WF16010038

Dear Secretary Asbury:

Enclosed herewith for filing please find the original and eleven (11) copies of Middlesex Water Company's Petition in the above-referenced matter.

This case may be summarized as a Petition for approval, pursuant to N.J.S.A. 48:3-7 and 48:3-9 and N.J.A.C. 14:1-5.9, to borrow up to \$16.0 million from the New Jersey Environmental Infrastructure Trust (the "Trust") and from the State of New Jersey (the "State") and to secure said amount by issuing and delivering to the Trust and the State the Company's Bonds and/or other evidences of indebtedness.

Kindly stamp "filed" on the extra copy of the Petition enclosed herewith and please return it to us in the enclosed, stamped, self-addressed envelope.

CMS

LEGAL
J. Kane
DIAG
RPA
M. Moran
M. Kammer
M. Messer

JLK:rk
Enclosures

WATER (2)
Mark Beuer

Very truly yours,

Jay L. Kooper
Vice President, General Counsel & Secretary

cc: Service List (w/enclosures via electronic mail)

Middlesex Water Company – BPU Docket No. WF1601

**Application for Authority to Borrow up to \$16.0 Million and to Issue Evidences of
Indebtedness Pursuant to the Environmental Infrastructure Trust Financing Program
~ Service List ~**

Middlesex Water Company

<p>Dennis W. Doll Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7501 – Telephone 732-638-7515 - Fax ddoll@middlesexwater.com</p>	<p>A. Bruce O'Connor Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7502 – Telephone 732-638-7515 – Fax aboconnor@middlesexwater.com</p>	<p>Jay L. Kooper, Esq. Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7506 – Telephone 732-218-1124 – Fax jkooper@middlesexwater.com</p>
<p>Douglas R. Brown, Esq. Norris, McLaughlin & Marcus 721 Route 202 & 206 North P.O. Box 1018 Somerville, NJ 08876-1018 908-722-0700 – Telephone 908-722-0755 – Fax drbrown@nmmlaw.com</p>	<p>Michele L. Tilley Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7676 - Telephone 732-638-7526 – Fax intilley@middlesexwater.com</p>	

Board of Public Utilities

<p>Mark C. Beyer Chief Economist Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 Post Office Box 350 Trenton, NJ 08865-0350 (609) 292-2637 – Telephone Mark.beyer@bpu.state.nj.us</p>	<p>Robert Wojciak Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 Post Office Box 350 Trenton, NJ 08865-0350 (609) 292-2951 - Telephone Robert.Wojciak@bpu.state.nj.us</p>	<p>Maria Moran, Director Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 Post Office Box 350 Trenton, NJ 08865-0350 (609) 292-2422 - Telephone (609) 292-3191 - Fax Maria.moran@bpu.state.nj.us</p>
---	--	--

Division of Rate Counsel

<p>Debra F. Robinson, Esq. Division of Rate Counsel 140 East Front Street – 4th Floor Trenton, NJ 08625 (609) 984-1460 – Telephone drobinso@rpa.state.nj.us</p>	<p>Stefanie A. Brand, Esq. Director 140 East Front Street – 4th Floor Trenton, NJ 08625p (609) 984-1460 – Telephone sbrand@rpa.state.nj.us</p>	
--	---	--

RECEIVED
JAN 13 2016

CMS

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

RECEIVED

IN THE MATTER OF THE APPLICATION :
OF MIDDLESEX WATER COMPANY FOR :
AUTHORITY TO BORROW UP TO :
\$16.0 MILLION AND TO ISSUE EVIDENCES :
OF INDEBTEDNESS PURSUANT TO THE :
ENVIRONMENTAL INFRASTRUCTURE : PETITION
TRUST FINANCING PROGRAM : Docket No.
WF1601_____

JAN 13 2016

BOARD OF PUBLIC UTILITIES
MAIL ROOM

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, MIDDLESEX WATER COMPANY, (hereinafter referred to as "Petitioner", "Middlesex", or the "Company") a corporation organized and existing under the laws of the State of New Jersey with its principal office located at 1500 Ronson Road, Iselin, New Jersey 08830, states that:

1. Middlesex is a duly organized and existing public utility of the State of New Jersey, subject to the jurisdiction of the Board. The Company is engaged in the business of collecting, treating and distributing water for service on a retail basis to customers in South Plainfield, Metuchen, Carteret, Woodbridge, Edison, South Amboy, portions of Clark, portions of the Borough of Sayreville, and portions of Downe Township in Cumberland County; and on a contract basis, to the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the City of Rahway, and Marlboro Township; and, on a special contractual basis for water treatment and pumping services, to the Township of East Brunswick. The Company owns and operates water treatment, supply, transmission and distribution systems for these purposes. The Company also owns subsidiaries that provide utility and utility-related services.

2. In summary, as more specifically set forth below, the Company seeks Board approval, pursuant to N.J.S.A. 48:3:7 and 48:3-9 and N.J.A.C. 14:1-5.9, to borrow up to \$16.0 million (the "Loans") from the New Jersey Environmental Infrastructure Trust, a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "Trust"), and from the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (the "State"), and to secure the Loans by issuing

and delivering to the Trust and the State the Company's First Mortgage Bonds (the "Company's Bonds") and/or other evidences of indebtedness in like amount.

3. More specifically, Environmental Infrastructure Trust Fund Bonds (the "Trust's Bonds") will be sold and 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 according to the laws and regulations governing such transactions. Loans to various entities, including the Loans to the Company, will be made from the loan fund. The Trust's Bonds will be sold through one or more underwriters with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout. Therefore, Petitioner requests that the Board grant the authority requested herein without the necessity of an additional Order as to pricing.

4. The structure of the Loans will be such that approximately one-quarter of the Loans will be from the Trust at an interest rate equal to the rate on the Trust's Bonds. The other approximately three-quarters of the Loans will be from the State, through the Department of Environmental Protection, without interest. In effect, therefore, the rate of interest on the Company's Bonds will be approximately one-quarter of the interest rate of the Trust's Bonds since the Loans' rate will be a blend of the zero rate of interest on the loan from the State and the actual rate of interest on the Trust's Bonds.

5. To evidence and secure the Loans to the Company by the Trust and the State, the Company proposes to execute and deliver to the Trust and the State the Company's Bonds and/or other evidences of indebtedness, in a principal amount equal to the amount of the Loans, having an interest rate, as described above, and maturity dates and redemption provisions designed to service the Trust's Bonds and the State's loan. It is anticipated that such Company Bonds are to be designated "Series XX Bonds" and "Series YY Bonds," due twenty years from date of issuance, although the designations "Series XX Bonds" and "Series YY Bonds" in this Petition are intended to reflect the one or more series of Bonds or other evidences of indebtedness to be issued in connection with the Loans.

6. The Company expects that interest on the Trust's Bonds will be exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended. As a result of this exemption, the zero rate of interest on the State loan and the favorable bond rating anticipated for the Trust's Bonds, the interest rate on the Company

Bonds, issued as security for the Loans, will be substantially less than the interest rate the Company otherwise would pay to investors on conventional debt financing.

7. The foregoing description of the procedures related to the Loans, documents to be provided to the Trust and the State, and approvals required for the transaction, are based on the Company's understanding of the practices and procedures in place at the time of filing this Petition. The foregoing is subject to change if such procedures are changed. Therefore, the Company may be required to amend the description of the process, the approvals required for the Loans, or other aspects of this Petition. The Company will notify the Board and Board Staff if and when any such modifications will be appropriate.

8. The proceeds of the Loans will be used by the Company to finance a project of 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 and the proceeds of the Loans will be used for the project work for the calendar year 2016.

9. Loans from the Trust are awarded annually, although proceeds from the loans may be disbursed over a period of up to three years. Because the Trust acts only once each year, adherence to the Trust's timetable is of critical importance. Attached hereto, as Exhibit H, is a proposed timetable for this transaction which will meet the Trust's requirements. The loan amounts will not be disbursed at the time of the Loans but rather are to be distributed to the Company as needed to meet expenditures over the project's construction life.

10. Therefore, the Company specifically petitions the Board at this time for approval and authority:

a. To 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 First Mortgage Bonds, Series XX and Series YY, of the Company. The Supplemental Indenture(s) will, among other things, create and provide for the issuance of the Series XX Bonds and Series YY Bonds under an Indenture of Mortgage, dated April 1, 1927, between the Company and United Counties Trust Company, as Trustee; and under a Second Supplemental Indenture, dated as of October 1, 1939; a Third Supplemental Indenture, dated as of April 1, 1946; a Fourth Supplemental Indenture, dated as of April 1, 1949; a Fifth Supplemental Indenture, dated as of February 1, 1955; a Sixth Supplemental Indenture, dated as of December 1, 1959; a Seventh

Supplemental Indenture, dated as of January 15, 1963; an Eighth Supplemental Indenture, dated as of July 1, 1964; a Ninth Supplemental Indenture, dated as of June 1, 1965; a Tenth Supplemental Indenture, dated as of February 1, 1968; an Eleventh Supplemental Indenture, dated as of December 1, 1968; a Twelfth Supplemental Indenture, dated as of December 1, 1970; a Thirteenth Supplemental Indenture, dated as of December 1, 1972; a Fourteenth Supplemental Indenture, dated as of April 1, 1979; a Fifteenth Supplemental Indenture, dated as of April 1, 1983; a Sixteenth Supplemental Indenture, dated as of August 1, 1988; a Seventeenth Supplemental Indenture, dated as of June 15, 1991; an Eighteenth Supplemental Indenture, dated as of September 1, 1993; a Nineteenth Supplemental Indenture, dated as of September 1, 1993; a Twentieth Supplemental Indenture, dated as of January 1, 1994; a Twenty-First Supplemental Indenture dated as of January 1, 1994; a Twenty-Second Supplemental Indenture, dated as of March 1, 1998; a Twenty-Third Supplemental Indenture dated as of October 15, 1998; a Twenty-Fourth Supplemental Indenture dated as of October 15, 1998; a Twenty-Fifth Supplemental Indenture dated as of October 15, 1999; a Twenty-Sixth Supplemental Indenture dated as of October 15, 1999; a Twenty-Seventh Supplemental Indenture dated as of October 15, 2001; a Twenty-Eighth Supplemental Indenture dated as of October 15, 2001; a Twenty-Ninth Supplemental Indenture dated as of January 15, 2002; a Thirtieth Supplemental Indenture dated as of October 15, 2004; a Thirty-First Supplemental Indenture dated as of October 15, 2004; a Thirty-Second Supplemental Indenture dated as of October 15, 2006; a Thirty-Third Supplemental Indenture dated as of October 15, 2006; a Thirty-Fourth Supplemental Indenture dated as of October 15, 2007; a Thirty-Fifth Supplemental Indenture dated as of October 15, 2007; a Thirty-Sixth Supplemental Indenture dated as of November 1, 2008; a Thirty-Seventh Supplemental Indenture dated as of November 1, 2008; a Thirty-Eighth Supplemental Indenture dated as of December 1, 2010; a Thirty-Ninth Supplemental Indenture dated as of December 1, 2010; a Fortieth Supplemental Indenture dated as of May 1, 2012; a Forty-First Supplemental Indenture dated as of May 1, 2012; a Forty-Second Supplemental Indenture dated as of November 1, 2012; a Forty-Third Supplemental Indenture dated November 1, 2012; a Forty-Fourth Supplemental Indenture dated as of November 1, 2012; a Forty-Fifth Supplemental Indenture dated as of May 1, 2013; a Forty-Sixth Supplemental Indenture dated as of May 1, 2013; a Forty-Seventh Supplemental Indenture dated as of May 1, 2014; a Forty-Eighth Supplemental Indenture dated as of May 1, 2014; or

To make such guarantee or guarantees as are required by the State and the Trust to secure the Loans; and

b. To borrow up to \$16.0 million from, and make, execute and deliver to, the Trust and the State one or more Loan Agreements therefor and to make, execute and deliver to the Trust and the State documents required in connection therewith; and

c. To issue, if necessary, up to \$16.0 million principal amount of Series XX and Series YY Bonds of the Company in connection with such borrowings. Such series of bonds are jointly to bear interest at a rate based upon approximately one-quarter of the interest rate for the Trust's Bonds and are to be secured equally and ratably with the Company's outstanding bonds by the aforesaid Indenture of Mortgage as supplemented.

11. As of September 30, 2015, Middlesex had outstanding 16,210,052 shares of Common Stock of 40,000,000 shares authorized by its Restated Certificate of Incorporation. As of September 30, 2015, it had 23,379 shares of Preferred Stock in four series outstanding of 125,978 authorized by its Restated Certificate of Incorporation. The book value of the Company's Common Stock as of September 30, 2015 was \$12.30 per share. The closing market price as of September 30, 2015 was \$23.84 per share.

12. As of September 30, 2015, the capital stock of the Company is shown on Exhibit C annexed hereto. The preferences and other characteristics of the Preferred Stock are set forth in Exhibit F of the Petition filed with the Board in Docket No. WF-97030172, which is incorporated by reference herein. Dividends paid upon the capital stock of the Company are shown on Exhibit D annexed hereto.

13. The principal amount of the Company's long-term indebtedness is set forth in Exhibit C annexed hereto. The Company had no other indebtedness at September 30, 2015 except as set forth in Exhibit A annexed hereto.

14. No franchise or right is proposed to be capitalized directly or indirectly in connection with the proposed transaction.

15. Except for the relief sought in this Petition, no other regulatory approvals are necessary in order to accomplish the proposed transaction, except approval of the Trust and any approvals required in connection with that approval. However, certain compliance or administrative filings may be required by the federal securities laws and by the securities laws of certain of the states in which the bonds are sold.

16. The Company's Common Stock is traded on the NASDAQ Global Select Market. The Company's current transfer agent is Broadridge Corporate Issuer Solutions, Inc., headquartered in Philadelphia, Pennsylvania.

17. Submitted herewith and made a part of this Petition are the following exhibits (including those exhibits previously referenced herein):

- Exhibit A - Balance Sheet at September 30, 2015.
- Exhibit B - Statement of Income
Twelve months ended September 30, 2015.
- Exhibit C - Statement of Capital Stock and Long-term
Debt, September 30, 2015.
- Exhibit D - Statement of Cash Flows
Twelve months ended September 30, 2015.
- Exhibit E - Interest Charged to Income Upon Each Kind
of Indebtedness and Rate Thereon,
Twelve months ended September 30, 2015.
- Exhibit F - Forms of Resolutions of
the Company's Board of Directors.
- Exhibit G - Proposed Form of Order.
- Exhibit H - Proposed Timetable.
(Trust Financing Program Schedule.)
- Exhibit I - Project Descriptions.

18. All correspondence in the case should be addressed to:

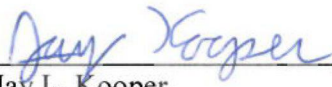
Jay L. Kooper
Vice President, General Counsel & Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, New Jersey 08830

WHEREFORE, Petitioner respectfully requests that the Board approve and authorize Petitioner to:

- a. Make, execute and deliver one or more Supplemental Indentures of Mortgage to US Bank National Association, as Successor Trustee;
- b. Borrow up to \$16.0 million from, and make, execute and deliver to the Trust and the State Loan Agreements therefor and to make, execute and deliver to the Trust and the State documents required in connection therewith;
- c. Issue and sell up to \$16.0 million principal amount of First Mortgage Bonds in connection with such borrowings in accordance with the terms herein before set forth; and
- d. Obtain such other relief as the Board determines is just and proper.

Respectfully submitted,

MIDDLESEX WATER COMPANY

By:  _____
Jay L. Kooper
Vice President, General Counsel & Secretary

Dated: January 12, 2016

Exhibit A

MIDDLESEX WATER COMPANY
BALANCE SHEET

ASSETS

	<u>September 30, 2015</u>
UTILITY PLANT	
Utility Plant in Service	\$ 364,540,235
Construction Work in Progress	<u>5,184,670</u>
TOTAL	369,724,905
Less Accumulated Depreciation	<u>99,968,528</u>
UTILITY PLANT NET	<u>269,756,377</u>
NONUTILITY PROPERTY NET	24,848
OTHER INVESTMENTS	4,734,713
INVESTMENT IN SUBSIDIARY	71,572,920
CURRENT ASSETS:	
Cash and Cash Equivalents	1,783,857
Accounts Receivable	10,467,125
Materials and Supplies (at average cost)	2,293,855
Prepayments	1,871,505
Notes Receivable - Intercompany	3,740,559
Accrued Unbilled Revenues	<u>5,089,307</u>
TOTAL CURRENT ASSETS	<u>25,246,208</u>
DEFERRED DEBITS:	
Unamortized Debt Expense	2,971,384
Regulatory Assets	64,509,398
Preliminary Survey & Investigation Charges	563,032
Other Deferred Debits	184,882
Restricted Cash	439,478
TOTAL DEFERRED DEBITS	<u>68,668,174</u>
TOTAL ASSETS	<u>\$ 440,003,240</u>

Exhibit A

MIDDLESEX WATER COMPANY
BALANCE SHEET

CAPITALIZATION AND LIABILITIES

September 30, 2015

CAPITALIZATION

Common Equity:

Common Stock	\$ 150,251,018
Retained Earnings	54,628,295

TOTAL COMMON EQUITY	204,879,313
---------------------	-------------

Cumulative Preferred Stock	2,435,554
Long Term Debt	84,991,823

TOTAL CAPITALIZATION	292,306,690
----------------------	-------------

CURRENT LIABILITIES:

Current Portion of Long Term Debt	2,368,905
Accounts Payable	5,905,425
Notes Payable	16,000,000
Customer Deposits	52,389
Taxes Accrued	(886,780)
Interest Accrued	93,240
Dividends Declared	36,037
Other Current Liabilities	1,034,512

TOTAL CURRENT LIABILITIES	24,603,728
---------------------------	------------

COMMITMENTS AND CONTINGENT LIABILITIES

DEFERRED CREDITS:

Customer Advances for Construction	4,154,019
Accumulated Deferred Investment Tax Credits	851,435
Accumulated Deferred Federal Income Taxes	57,449,605
Postretirement Costs	21,656,315
Employee Pension Benefits	21,761,020
Other Deferred Credits	701,098

TOTAL DEFERRED CREDITS	106,573,492
------------------------	-------------

INJURIES AND DAMAGE RESERVE	64,557
CONTRIBUTIONS IN AID OF CONSTRUCTION	16,454,773

TOTAL LIABILITIES & CAPITALIZATION	\$ 440,003,240
------------------------------------	----------------

MIDDLESEX WATER COMPANY
STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

OPERATING REVENUES	<u>71,936,749</u>
OPERATIONS:	
Operations & Maintenance	35,640,987
Depreciation	7,828,112
Taxes, other than Income Taxes	11,243,283
Federal Income Taxes	<u>4,876,925</u>
TOTAL OPERATING EXPENSES	<u>59,589,307</u>
OPERATING INCOME	<u>12,347,442</u>
OTHER INCOME/(EXPENSE):	
Allowance for Funds Used During Construction - Equity	108,749
Other - net	<u>9,829,957</u>
INCOME BEFORE INTEREST CHARGES	<u>22,286,148</u>
INTEREST CHARGES:	
Interest on Long-term Debt	2,923,300
Amortization of Debt Expense	(44,695)
Allowance for Funds Used During Construction - Debt	(47,883)
Other Interest Charges	<u>198,416</u>
TOTAL INTEREST CHARGES	<u>3,029,138</u>
NET INCOME	19,257,010
Preferred Stock Dividend Requirements	<u>144,153</u>
Earnings Applicable to Common Stock	<u><u>19,112,857</u></u>
Earning per Share	1.18
Average Number of Shares Outstanding	16,149,630

**MIDDLESEX WATER COMPANY
STATEMENT OF CAPITAL STOCK AND LONG-TERM DEBT**

September 30, 2015

CAPITALIZATION:

Common Stock, No Par Value

Shares Authorized - 40,000,000
Shares Outstanding - 2015 - 16,210,052
2014 - 16,124,107

TOTAL COMMON STOCK

\$ 150,251,018

Cumulative Preferred Stock, No Par Value

Shares Authorized - 125,978
Shares Outstanding - 23,379 - 2015; 23,379 - 2014

Convertible:

Shares Outstanding, \$7.00 Series - 9,588 1,006,740
Shares Outstanding, \$8.00 Series - 3,000 349,714

Nonredeemable:

Shares Outstanding, \$7.00 Series - 791 79,100
Shares Outstanding, \$4.75 Series - 10,000 1,000,000

TOTAL CUMULATIVE PREFERRED STOCK

\$ 2,435,554

Long-term Debt:

First Mortgage Bonds:

4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	\$	253,638
0.00%, State Revolving Fund Bond, due August 1, 2021		203,101
0.00%, Series X, due September 1, 2018		161,674
4.25% to 4.63%, Series Y, due September 1, 2018		185,000
0.00%, Series Z, due September 1, 2019		446,086
5.25% to 5.75%, Series AA, due September 1, 2019		565,000
0.00%, Series BB, due September 1, 2021		723,486
4.00% to 5.00%, Series CC, due September 1, 2021		895,000
0.00%, Series EE, due August 1, 2023		3,132,075
3.00% to 5.50%, Series FF, due August 1, 2024		3,690,000
0.00%, Series GG, due August 1, 2026		993,107
4.00% to 5.00%, Series HH, due August 1, 2026		1,300,000
0.00%, Series II, due August 1, 2024		789,266
3.40% to 5.00%, Series JJ, due August 1, 2027		1,010,000
0.00%, Series KK, due August 1, 2028		1,167,295
5.00% to 5.50%, Series LL, due August 1, 2028		1,365,000
0.00%, Series MM, due August 1, 2030		1,436,965
3.00% to 4.375%, Series NN, due August 1, 2030		1,675,000
0.00%, Series OO, due August 1, 2031		2,408,136
2.00% to 5.00%, Series PP, due August 1, 2031		815,000
5.00%, Series QQ, due October 1, 2023		9,915,000
3.80%, Series RR, due October 1, 2038		22,500,000
4.25%, Series SS, due October 1, 2047		23,000,000
0.00%, Series TT, due August 1, 2032		2,558,644
3.00% to 3.25%, Series UU, due August 1, 2032		935,000
0.00%, Series VV, due August 1, 2033		2,576,674
3.00% to 5.00%, Series WW, due August 1, 2033		900,000
SUBTOTAL LONG-TERM DEBT		<u>85,600,147</u>

Add: Premium on Issuance of Long-term Debt 1,760,580

Less: Current Portion of Long-term Debt (2,368,905)

TOTAL LONG-TERM DEBT

\$ 84,991,823

**MIDDLESEX WATER COMPANY
STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	\$ 19,257,010
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation & Amortization	8,579,473
Provision for Deferred Income Taxes	20,282,813
Equity Portion of AFUDC	(108,749)
Changes in Operating Assets and Liabilities	(17,537,738)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>30,472,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Utility Plant Expenditures	(16,365,704)
Notes Receivable - Intercompany & Other Investments	2,425,788
Restricted Cash	2,254,361
Preliminary Survey and Investigation Charges	(44,559)
NET CASH USED IN INVESTING ACTIVITIES	<u>(11,730,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Redemption of Long Term Debt	(3,101,461)
Proceeds from the Issuance of Long Term Debt	(151,611)
Short-term Bank Borrowings (Net)	(5,000,000)
Deferred Debt Issuance Expenses	(69,089)
Common Stock Issuance Expenses	(22,450)
Restricted Cash	743,685
Proceeds from Issuance of Common Stock	1,488,877
Repurchase of Preferred Stock	-
Payment of Common Dividends	(12,432,132)
Payment of Preferred Dividends	(144,153)
Customer Advances & Contributions-Net	126,745
NET CASH USED IN FINANCING ACTIVITIES	<u>(18,561,589)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>181,106</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,602,751</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 1,783,857</u>

MIDDLESEX WATER COMPANY
INTEREST CHARGED TO INCOME
UPON EACH KIND OF INDEBTEDNESS AND RATE THEREON
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

<u>INTEREST ON LONG-TERM DEBT</u>	<u>% RATE</u>	<u>\$ AMOUNT</u>
First Mortgage Bonds:		
State Revolving Trust Bond, due August 1, 2021	4.00%-5.00%	\$ 9,364
State Revolving Fund Bond, due August 1, 2021	0.00%	-
Series X, due September 1, 2018	0.00%	-
Series Y, due September 1, 2018	4.25%-4.63%	(1,157)
Series Z, due September 1, 2019	0.00%	-
Series AA, due September 1, 2019	5.25%-5.75%	13,623
Series BB, due September 1, 2021	0.00%	-
Series CC, due September 1, 2021	4.00%-5.00%	22,687
Series EE, due August 1, 2023	0.00%	-
Series FF, due August 1, 2024	3.00%-5.50%	194,502
Series GG, due August 1, 2026	0.00%	-
Series HH, due August 1, 2026	4.00%-5.00%	59,164
Series II, due August 1, 2024	0.00%	-
Series JJ, due August 1, 2027	3.40%-5.00%	49,830
Series KK, due August 1, 2028	0.00%	-
Series LL, due August 1, 2028	5.00%-5.50%	73,392
Series MM, due August 1, 2030	0.00%	-
Series NN, due August 1, 2030	3.00%-4.375%	68,691
Series OO, due August 1, 2031	0.00%	-
Series PP, due August 1, 2031	2.00%-5.00%	38,175
Series QQ, due October 1, 2023	5.00%	495,750
Series RR, due October 1, 2038	3.80%	855,000
Series SS, due October 1, 2047	4.25%	977,500
Series TT, due August 1, 2032	0.00%	-
Series UU, due August 1, 2032	3.00%-3.25%	29,713
Series VV, due August 1, 2033	0.00%	-
Series WW, due August 1, 2033	3.00%-5.00%	37,067
		<u>2,923,300</u>
<u>OTHER INTEREST EXPENSE</u>		
Interest on Short-Debt		198,336
Interest on Customer Deposits	0.13%	80
		<u>198,416</u>
TOTAL INTEREST CHARGED TO INCOME UPON INDEBTEDNESS		\$ 3,121,716

MIDDLESEX WATER COMPANY
BOARD OF DIRECTORS
DECEMBER 29, 2015

RESOLUTION AUTHORIZING FILING OF A PETITION WITH THE NEW JERSEY BOARD
OF PUBLIC UTILITIES FOR APPROVAL OF A NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE LOAN OF UP TO \$16.0 MILLION.

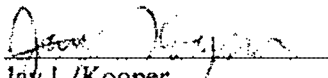
WHEREAS, the Board of Directors approved a "Resolution Authorizing Application for a Loan From The New Jersey Environmental Infrastructure Financing Program ("Resolution") at its regularly scheduled meeting held on February 25, 2014;

WHEREAS, the Resolution authorized the officers of Middlesex Water Company ("Company") to take any and all actions necessary and proper to accomplish the filing of an application for a New Jersey Environmental Infrastructure Loan ("Loan") executed with the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust in an amount of up to \$16.0 million, and such filing has been accomplished;

WHEREAS, pursuant to N.J.S.A. 48:3-7 and 48:3-9 and N.J.A.C. 14:1-5.9, Middlesex Water Company must obtain authorization from the New Jersey Board of Public Utilities ("NJBPU") to enter into the Loan;

NOW, THEREFORE BE IT RESOLVED, that the proper officers of Middlesex Water Company are hereby authorized to file the required petition with the NJBPU, and take any and all further actions as are necessary and proper to secure the NJBPU's approval as required by law.

I do hereby certify that the foregoing is a true copy of a Resolution approved by the Board of Directors of Middlesex Water Company on December 29, 2015.


Jay L. Kooper
Secretary

Dated: December 29, 2015

IN THE MATTER OF THE APPLICATION)	<u>ORDER OF APPROVAL</u>
OF MIDDLESEX WATER COMPANY FOR)	<u>AUTHORIZING BORROWING</u>
AUTHORITY TO BORROW UP TO)	<u>AND ISSUANCE OF</u>
\$16.0 MILLION AND TO ISSUE EVIDENCES)	<u>INDEBTEDNESS</u>
OF INDEBTEDNESS PURSUANT TO THE)	
ENVIRONMENTAL INFRASTRUCTURE)	
TRUST FINANCING PROGRAM)	DOCKET NO. WF1601_____

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary,
Middlesex Water Company

Stefanie A. Brand, Esq., Director,
New Jersey Division of Rate Counsel

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 January ____, 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 \$16.0 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 \$16.0 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 \$16.0 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 and the proceeds of the Loans will be used for the project work for the calendar year 2016.

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

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 \$16.0 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 (hereinafter called 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 \$16.0 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 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 December 31, 2017.

Dated: 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
Board Secretary

IN THE MATTER OF THE APPLICATION OF MIDDLESEX WATER COMPANY FOR
AUTHORITY TO BORROW UP TO 16.0 MILLION AND TO ISSUE EVIDENCES OF
INDEBTEDNESS PURSUANT OT THE NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST FINANCING PROGRAM

FY-2016 EIFP Loan Program

<u>DATE</u>	<u>ACTION</u>
September 2015	-Public hearing on FFY2016 Priority System, Intended Use Plan and Project Priority List proposal
Before October 9, 2015	-Prospective project sponsors attend preplanning meeting with NJDEP prior to submitting Letter of Intent – Drinking Water
October 9, 2015	- Letter of Intent – Drinking Water due & completed online -Applicants submit all planning documents to NJDEP -Submit electronic version to Trust
On or before January 15, 2016	-NJDEP/Trust submit list of projects (based on Priority System ranking methodology) to Legislature for forthcoming State Fiscal Year
March 4, 2016	-Applicants submit all design documents to NJDEP -Applicants submit complete loan application to NJDEP -Supplemental Loan applications due to NJDEP -Submit electronic version to Trust
On or before March 30, 2016	-Financial Plan for forthcoming State Fiscal Year submitted by Trust to Legislature
June 30, 2016	-Legislature acts on Financial Plan
December 2016	-Applicants submit financial addendum form to the Trust -Distribution of draft loan exhibits
March 2017	-Execute NJDEP/Trust loan agreements in escrow
April 2017	-Trust Bond Sale
May 2017	-Loan award

IN THE MATTER OF THE APPLICATION OF MIDDLESEX WATER COMPANY FOR
AUTHORITY TO BORROW UP TO 16.0 MILLION AND TO ISSUE EVIDENCES OF
INDEBTEDNESS PURSUANT OF THE NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST FINANCING PROGRAM

MIDDLESEX WATER COMPANY
Description of Project
LP-2

WATER DISTRIBUTION SYSTEM REHABILITATION

The project covered by this Petition is for Middlesex Water Company's Water Distribution System Rehabilitation program (also known as the RENEW Program). The intent is to perform two (2) projects during the calendar year 2016. The projects are RENEW 2015 located in the Township of Edison and RENEW 2016 located in the City of South Amboy, Middlesex County, New Jersey. The Projects will be bid, awarded, and "constructed". Bids will occur in February 2016. Construction will begin in March 2016 and be completed by November 2016.

RENEW 2015 – Edison

The project includes all the material and labor of mechanically clean and cement-mortar line approximately 5,650 feet of existing 6" & 8" and 4,900 feet of existing 10" & 12" cast iron water mains; replacement of non-copper service lines, replacement of line valves, hydrants, and hydrant branches, as necessary; and install and maintain a temporary water service bypass piping system. Also included is replacement of 15,150 lf of 4" & 6" main with 8" CLDIP main.

RENEW 2016 – South Amboy

The project includes all the material and labor of mechanically clean and cement-mortar line approximately 17,800 feet of existing 6" & 8" and 3,600 feet of existing 10" & 12" cast iron water mains; replacement of non-copper service lines, replacement of line valves, hydrants, and hydrant branches, as necessary; and install and maintain a temporary water service bypass piping system. Also included is replacement of 15,100 lf of 4" & 6" main with 8" CLDIP main.