



May 25, 2016
(Via Federal Express)

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

MAY 26 2016

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 \$4.0 Million and to Issue Evidences
of Indebtedness Pursuant to the Environmental Infrastructure Trust
Financing Program.
BPU Docket No.: WF1605 0445

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 \$4.0 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

J. Kane
DAG
RPA
M. Beyer
M. Moran
M. Kammer
M. Mosser
WATER (2)

Very truly yours,

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:rk
Enclosures

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

Middlesex Water Company – BPU Docket No. WF1605_____

**Application for Authority to Borrow up to \$4.0 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 732-218-1126 – 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 mtilley@middlesexwater.com</p>	<p>Ada Soto Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7511 – Telephone 732-218-1113 – Fax asoto@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>Christine Lin Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 Post Office Box 350 Trenton, NJ 08865-0350 (609) 292-2951 - Telephone Christine.lin@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>
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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 08625 (609) 984-1460 – Telephone sbrand@rpa.state.nj.us</p>	
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

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 : PETITION
TRUST FINANCING PROGRAM : Docket No.
WF1605 _____

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 New Jersey Board of Public Utilities (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 \$4.0 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, if necessary, to secure the Loans by issuing and

delivering to the Trust and the State the Company's First Mortgage Bonds (the "Company 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 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 under the current Trust loan program is 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 without interest. In effect, therefore, the rate of interest on the Company 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. By Order dated March 18, 2016 in BPU Docket No. WF16010038, the Board authorized Middlesex to borrow up to \$16.0 million from the Trust and the State and to "Issue and deliver, if necessary to the Trust and the State up to \$16.0 million principal amount of the Company Bonds, with a final maturity twenty years from the issuance of the Company's Bonds."¹ In its Petition seeking this Board authorization, Middlesex anticipated that those Company Bonds would secure the Loans to the Company by the Trust and State and would be designated "Series XX Bonds" and "Series YY Bonds" due twenty years from the date of their issuance.²

¹ See I/M/O 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, Order (Mar. 18, 2016), at 3.

² See I/M/O 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, Middlesex Petition (Jan. 12, 2016), at ¶5.

6. Due to the proximity of the construction completion schedules of the projects to be financed in the aforementioned docketed matter, BPU Docket No. WF16010038, to the construction schedule of the project for which the Company is seeking Board authorization to issue Company Bonds in this current matter, Middlesex proposes to aggregate and consolidate the Loans into, and make it part of and parcel to, the \$16.0 million loan request previously authorized by the Board in Docket No. WF16010038. Specifically, if the Board authorizes the Loans, Middlesex proposes to include the \$4.0 million as part of the \$16.0 million in the issuance of Series XX Bonds and Series YY Bonds the Board previously authorized Middlesex to issue and deliver in its March 18, 2016 Order in BPU Docket No. WF16010038. The sole purpose for this request is to avoid duplicative and potentially unnecessary redundant loan transaction costs. Consolidating the loan closings will benefit Middlesex customers by reducing the overall cost of the various loan transactions.

7. Because, as discussed in more detail herein, the proceeds of the Loans are to be used to finance a different project than the projects described in the Middlesex Petition for BPU Docket No. WF16010038, it is possible given the Trust's own transactional guidelines and schedule that the Loans consolidation may not be approved by the Trust. In that event, it would become necessary for the Company to issue a new series of Company Bonds.

8. Therefore, to evidence and secure the Loans to the Company by the Trust and the State, the Company proposes to execute and deliver, if necessary, to the Trust and the State the Company 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 ZZ Bonds" and "Series AAA Bonds," due twenty years from date of issuance, although the designations "Series ZZ Bonds" and "Series AAA 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.

9. 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.

10. 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.

11. The proceeds of the Loans will be used by the Company to finance the upgrade of the Tingley Lane Booster Station, located within the Company's service territory in Edison, New Jersey. The proceeds of the Loans will be used for project work that will commence in calendar year 2016.

12. Attached hereto, as Exhibit H, is a proposed timetable for this transaction which will meet the Trust's requirements. The funds 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.

13. 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 ZZ and Series AAA, of the Company. The Supplemental Indenture(s) will, among other things, create and provide for the issuance of the Series ZZ Bonds and Series AAA 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 \$4.0 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 \$4.0 million principal amount of Series ZZ and Series AAA 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.

14. As of March 31, 2016, Middlesex had outstanding 16,240,167 shares of Common Stock of 40,000,000 shares authorized by its Restated Certificate of Incorporation. As of March 31, 2016, 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 March 31, 2016 was \$12.56 per share. The closing market price as of March 31, 2016 was \$30.85 per share.

15. As of March 31, 2016, 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.

16. 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 March 31, 2016 except as set forth in Exhibit A annexed hereto.

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

18. 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.

19. 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.

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

- Exhibit A - Balance Sheet at March 31, 2016.
- Exhibit B - Statement of Income
Twelve months ended March 31, 2016.
- Exhibit C - Statement of Capital Stock and Long-term
Debt, March 31, 2016.
- Exhibit D - Statement of Cash Flows
Twelve months ended March 31, 2016.
- Exhibit E - Interest Charged to Income Upon Each Kind
of Indebtedness and Rate Thereon,
Twelve months ended March 31, 2016.
- 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.

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

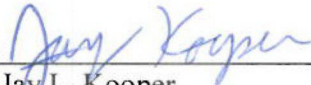
Jay L. Kooper
Vice President, General Counsel & Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, New Jersey 08830

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 \$4.0 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 \$4.0 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: May 25, 2016