



Agenda Date: 4/21/17  
Agenda Item: 5D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF MIDDLESEX )	ORDER OF AMENDMENT
WATER COMPANY FOR AMENDMENT TO )	AUTHORIZING
WF16010038, WF16050445, WF16111106 AND )	BORROWING AND
WF16111107 TO BORROW CERTAIN AMOUNTS )	ISSUANCE OF
FROM THE NEW JERSEY ENVIRONMENTAL )	INDEBTEDNESS
INFRASTRUCTURE TRUST AND FROM THE STATE )	
OF NEW JERSEY AND TO SECURE SAID AMOUNTS )	
BY ISSUING AND DELIVERING TO THE TRUST AND )	DOCKET NOS. WF16010038,
THE STATE THE COMPANY'S BONDS AND/OR )	WF16050445, WF16111106,
OTHER EVIDENCES OF INDEBTEDNESS )	and WF16111107

**Parties of Record:**

**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 February 7, 2017, pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9, requests authority to amend the final maturity term of Petitioner's First Mortgage Bonds in the Board's prior Orders granted in Docket Numbers WF16010038, WF16050445, WF16111106 and WF16111107.

Over the course of calendar year 2016, Middlesex filed four petitions in which it sought Board approval, pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9 to borrow up to certain amounts (the "Loans") from the New Jersey Environmental Infrastructure Trust (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 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. The Board issued Orders approving each of these four petitions in Board Docket Numbers. WF16010038 (Order dated March 18, 2016), WF16050445 (Order dated July 29, 2016), WF16111106 (Order dated January 25, 2017) and WF16111107 (Order dated January 25, 2017).

The structure of each of the Loans approved in the four Board Orders referenced above will be such that approximately one-quarter of the Loans will be from the Trust at an interest rate equal to the rate of the New Jersey Environmental Infrastructure Trust Fund's Bonds (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 one-quarter of the approximate 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.

In each of the Orders issued in the above-referenced dockets, the Board approved a final maturity date for each of the approved Loans at twenty years from the issuance of the Company's Bonds, which at the time of the issuance of these Orders was the maximum term allowed under the Trust's Financing Program. On January 26, 2017, the Trust announced a change to its Financing Program extending the maximum term of loans under the program from twenty to thirty years beginning with loans approved by the Trust under its May 2017 loans closing cycle.

Middlesex requests the Board amend Authorizing Clause #3 of each of the four Board Orders issued in the above-referenced docket numbers in order to allow customers to benefit from the advantageous low-interest loans for the maximum period allowed under the Trust's Financing Program in the future. Specifically, Middlesex proposes amendment to each of these clauses as follows:

**Docket No. WF16010038 (Order dated March 18, 2016)**

**Original**

- 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 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.

**Amended**

- 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 **date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16050445 (Order dated July 29, 2016)**

**Original**

- 3) Issue and deliver, if necessary, to the Trust and the State up to \$4.0 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.

**Amended**

- 3) Issue and deliver, if necessary, to the Trust and the State up to \$4.0 million principal amount of the Company's Bonds, with a final maturity **date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16111106 (Order dated January 25, 2017)**

**Original**

- 3) Issue and deliver, if necessary, to the Trust and the State up to \$10.0 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.

**Amended**

- 3) Issue and deliver, if necessary, to the Trust and the State up to \$10.0 million principal amount of the Company's Bonds, with a final maturity **date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16111107 (Order dated January 25, 2017)**

**Original**

- 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 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.

**Amended**

- 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 **date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed the Petition and by letter to the Board dated March 28, 2017 states that it does not object to Board approval of the requested amendments. However, Rate Counsel requests that approval of the Petition not include authorization to allow any specific assets to be included in the Company's rate base and further advocates that the determination of whether assets are appropriate for inclusion in rate base should be deferred to a future rate base proceeding. Rate Counsel suggests specific language to that effect be included in this Order.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, is satisfied that the amendment to each of the four above-referenced Orders as proposed by Middlesex are in accordance with law, and are in the public interest. The Board therefore **AMENDS** each of the four referenced Orders as follows:

**Docket No. WF16010038 (Order dated March 18, 2016)**

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 date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16050445 (Order dated July 29, 2016)**

3. Issue and deliver, if necessary, to the Trust and the State up to \$4.0 million principal amount of the Company's Bonds, with a final maturity date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16111106 (Order dated January 25, 2017)**

3. Issue and deliver, if necessary, to the Trust and the State up to \$10.0 million principal amount of the Company's Bonds, with a final maturity date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

**Docket No. WF16111107 (Order dated January 25, 2017)**

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 date concurrent with the maximum term permitted by the Trust 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 Trust's Bonds which are intended to be sold by competitive bidding.

No other provisions of or requirements set forth in the Board's Orders previously issued in Docket Nos. WF16010038, WF16050445, WF16111106 and WF16111107 other than those set forth above are in any way amended or altered by this Order and shall remain valid and binding on Middlesex unless otherwise amended by a future Board Order.

Furthermore:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold

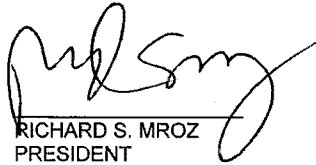
will be represented by tangible or intangible assets of commensurate value or investment costs.

- 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, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.

This Order shall become effective on May 1, 2017.

DATED: 4/21/17

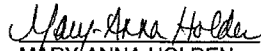
BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



JOSEPH L. FIORDALISO  
COMMISSIONER



MARYANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

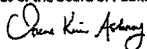


UPENDRA J. CHIVUKULA  
COMMISSIONER

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 PETITION OF MIDDLESEX WATER COMPANY FOR  
AMENDMENT TO WF16010038, WF16050445, WF16111106 AND WF16111107 TO  
BORROW CERTAIN AMOUNTS FROM THE NEW JERSEY ENVIRONMENTAL  
INFRASTRUCTURE TRUST AND FROM THE STATE OF NEW JERSEY AND TO SECURE  
SAID AMOUNTS BY ISSUING AND DELIVERING TO THE TRUST AND THE STATE THE  
COMPANY'S BONDS AND/OR OTHER EVIDENCES OF INDEBTEDNESS

DOCKET NO. WF16010038, WF16050445, WF16111106 and WF16111107

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