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MAR 13 2018

March 12, 2018
(Via Federal Express)

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350

RECEIVED
CASE MANAGEMENT

MAR 13 2018

Re: In the Matter of the Application of Middlesex Water Company
For Authority to Borrow up to \$55.0 Million and to Issue Evidences
of Indebtedness Pursuant to the New Jersey Water Infrastructure Bank
Financing Program.
BPU Docket No.: WF1803 0256

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Dear Secretary Camacho-Welch:

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 \$55.0 million from the New Jersey Water Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust) (the "Bank") and from the State of New Jersey (the "State") and to secure said amount by issuing and delivering to the Bank 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 M. Messer
J. Kane WATER
DAG Economist
RPA
M. Moran
M. Kammer

Very truly yours,

Jay L. Kooper
Vice President, General Counsel & Secretary

Enclosures

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

Middlesex Water Company – BPU Docket No. WF1803 _____
Application for Authority to Borrow up to \$55.0 Million and to Issue Evidences of
Indebtedness Pursuant to the New Jersey Water Infrastructure Bank Financing Program
~ Service List ~

Middlesex Water Company

<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>Robert J. Capko Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 732-638-7524 – Telephone rcapko@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>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.nj.gov</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.nj.gov</p>	
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Division of Rate Counsel

<p>Debra F. Robinson, Esq. Division of Rate Counsel 140 East Front Street – 4th Floor PO Box 003 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 PO Box 003 Trenton, NJ 08625 (609) 984-1460 – Telephone sbrand@rpa.state.nj.us</p>	<p>Kathryn A. Hart Legal Assistant Division of Rate Counsel 140 East Front Street – 4th Floor PO Box 003 Trenton, NJ 08625 (609) 984-1460 – Telephone khart@rpa.nj.gov</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 :
\$55.0 MILLION AND TO ISSUE EVIDENCES :
OF INDEBTEDNESS PURSUANT TO THE :
NEW JERSEY WATER INFRASTRUCTURE : PETITION
BANK FINANCING PROGRAM : Docket No.
WF1803_____

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. Middlesex provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. Middlesex treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. Middlesex also provides water treatment and pumping services to the Township of East Brunswick under contract. Middlesex recorded revenues of approximately \$76.2 million in 2017.

2. The Middlesex System’s retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield in Middlesex County, and a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

3. The contract customers of the Middlesex System comprise an area of approximately 146 square miles with a population of approximately 300,000. Contract sales to Edison, Old Bridge, Marlboro and Rahway are supplemental to the existing water systems of these customers. The Middlesex System provides treated surface water under long-term agreements to East Brunswick, Marlboro and Old Bridge.

4. Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. 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 in Southampton Township in Burlington County, and portions of Delaware and Pennsylvania.

5. 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 \$55.0 million (the "Loans") from the New Jersey Water Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust), a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "Bank"), 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 Bank and the State the Company's First Mortgage Bonds (the "Company's Bonds") and/or other evidences of indebtedness in like amount.

6. More specifically, the Bank will issue debt instruments (the "Bank's Bonds") and other State monies will be used to create a fund available for loans to qualified borrowers all pursuant to and administered by the Bank in accordance with 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 Bank's Bonds will be sold through one or more underwriters, 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.

7. The structure of the Loans will be such that approximately one-quarter of the Loans will be from the Bank at an interest rate equal to the rate on the Bank'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 Bank'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 Bank's Bonds.

8. To evidence and secure the Loans to the Company by the Bank and the State, the Company proposes to execute and deliver to the Bank 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 Bank's Bonds and the State's loan. It is anticipated that such Company Bonds 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 Bank'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 Bank'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 for conventional debt financing.

10. The foregoing description of the procedures related to the Loans, documents to be provided to the Bank 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 modified. 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 materially change the process.

11. The proceeds of the Loans will be used by the Company to finance upgrades to the Company's Carl J. Olsen water treatment plant ("CJO Plant") located within the Company's service territory in the Township of Edison, New Jersey. The proceeds of the Loans will be used for project work anticipated to begin in the calendar year 2018 and continue until late in 2020.

12. The Bank schedules loan closings for twice a year, usually in May and November. Participants whose projects are certified as complete by the Bank are scheduled to close their respective loans at the next available closing date. Financing of the project

prior to completion is accomplished through a short-term construction loan program administered by the Bank. At the loan closing, the construction loan balance is rolled over and, for Middlesex, becomes the amount financed with Company Bonds. Attached hereto, as Exhibit H, is the most current proposed Bank timetable for the May 2018 loan closing cycle. Based on the current projected project construction schedule, the CJO Plant program is not expected to be included in a Bank loan closing cycle until November 2020.

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 Company Bonds to be issued as evidence of the Loans. The Supplemental Indenture(s) will, among other things, create and provide for the issuance of one or more Company Bonds under an Indenture of Mortgage, dated April 1, 1927, between the Company and United Counties Trust Company, as Trustee; and under a series of supplemental indentures issued, the first one (Second Supplemental Indenture) dated as of October 1, 1939; the most recent one (Fiftieth Supplemental Indenture) dated as of November 21, 2017; or

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

b. To borrow up to \$55.0 million from, and make, execute and deliver to, the Bank and the State one or more Loan Agreements therefor and to make, execute and deliver to the Bank and the State documents required in connection therewith; and

c. To issue, if necessary, up to \$55.0 million principal amount Company Bonds. Such Company Bonds are jointly to bear interest at a rate based upon approximately one-quarter of the interest rate for the Bank'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 December 31, 2017, Middlesex had outstanding 16,352,462 shares of Common Stock of 40,000,000 shares authorized by its Restated Certificate of Incorporation. As of December 31, 2017, Middlesex had 23,357 shares of Preferred Stock in four series outstanding of 125,970 authorized by its Restated Certificate of Incorporation. The book

value of the Company's Common Stock as of December 31, 2017 was \$13.61 per share. The closing market price as of December 31, 2017 was \$39.91 per share.

15. As of December 31, 2017, 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 December 31, 2017 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 Bank 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 December 31, 2017.
- Exhibit B - Statement of Income
Twelve months ended December 31, 2017.
- Exhibit C - Statement of Capital Stock and Long-term
Debt, December 31, 2017.
- Exhibit D - Statement of Cash Flows
Twelve months ended December 31, 2017.
- Exhibit E - Interest Charged to Income Upon Each Kind
of Indebtedness and Rate Thereon,
Twelve months ended December 31, 2017.

- Exhibit F - Forms of Resolutions of
the Company's Board of Directors.
- Exhibit G - Proposed Form of Order.
- Exhibit H - Bank's Proto-typical Loan Closing Timetable.
- Exhibit I - Project Description.

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

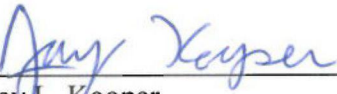
Jay L. Kooper
Vice President, General Counsel & Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, New Jersey 08830

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 \$55.0 million from, and make, execute and deliver to the Bank and the State Loan Agreements therefor and to make, execute and deliver to the Bank and the State documents required in connection therewith;
- c. Issue and sell up to \$55.0 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: March 12, 2018