



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 \$55.0 MILLION AND TO ISSUE)
EVIDENCES OF INDEBTEDNESS PURSUANT TO THE)
NEW JERSEY WATER INFRASTRUCTURE BANK)
FINANCING PROGRAM)
ORDER
DOCKET NO. WF18030256

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 Co.

BY THE BOARD:

Middlesex Water Company (or "Petitioner" or "Company"), a public utility of the State of New Jersey, by petition filed with the Board of Public Utilities ("Board") on March 13, 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 \$55 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 ("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 \$55 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. The Company's Bonds will bear interest at approximately one-quarter (1/4) of the interest rate of the Bank'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 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 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 \$55 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 upgrades to the Company's Carl J. Olsen water treatment plant located 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.

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

By letter dated April 5, 2018, the New Jersey Division of Rate Counsel indicated that it does not object to the approval of this matter.

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 \$55 million from the Bank and the State, 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 the Company's 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 \$55.0 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. The Company's Bonds will bear interest at approximately one-quarter (1/4) 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:

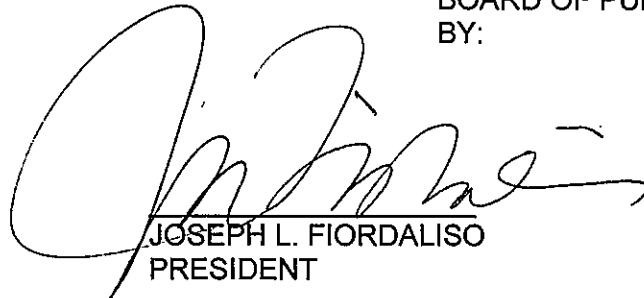
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible 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 Company's 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, 2021.

This Order shall become effective on May 5, 2018.

DATED: 4/25/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

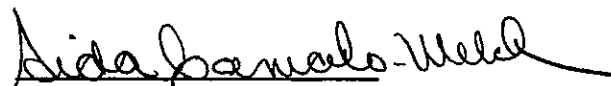


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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AUTHORITY TO BORROW UP TO \$55.0 MILLION AND TO ISSUE EVIDENCES OF
INDEBTEDNESS PURSUANT TO THE NEW JERSEY WATER INFRASTRUCTURE BANK
FINANCING PROGRAM - DOCKET NO. WF18030256

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