



THE MIDDLESEX WATER ENTERPRISE

Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc. • Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Avalon) • Utility Service Affiliates (Perth Amboy) Inc. • White Marsh Environmental Systems, Inc.

December 5, 2018  
(Via Federal Express)

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

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CASE MANAGEMENT

DEC 06 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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DEC 06 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Re: In the Matter of the Application of Middlesex Water Company  
For Authority to Issue up to \$140.0 Million of First Mortgage Bonds.  
BPU Docket No.: WF1812 1292

Dear Secretary Camacho-Welch:

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

This case may be summarized as a Petition, pursuant to N.J.S.A. 48:3-7 and 48:3-9, for authorization for Middlesex to issue and sell up to \$140.0 million of the Company's First Mortgage Bonds to the New Jersey Economic Development Authority for the Authority's issuance of up to \$140.0 million of Authority tax-exempt Water Facilities Revenue Bonds in order to fund portions of the Company's Water For Tomorrow program for ongoing upgrades, replacements and improvements to Middlesex's water system.

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  
M. Lupo  
DAG  
RPA  
M. Moran  
M. Kammer  
WATER (3)

Very truly yours,

Jay L. Kooper  
Vice President, General Counsel & Secretary

JLK:sm  
Enclosures

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

**Middlesex Water Company – BPU Docket No. WF1812 \_\_\_\_\_**  
**In the Matter of the Application of Middlesex Water Company For Authority to Issue up to \$140.0 Million of First Mortgage Bonds**

**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  <a href="mailto:aboconnor@middlesexwater.com">aboconnor@middlesexwater.com</a></p>	<p>Jay L. Kooper, Esq.          Middlesex Water Company          1500 Ronson Road          Iselin, NJ 08830          732-638-7506 – Telephone          732-218-1124 – Fax  <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p>	<p>Robert J. Capko          Middlesex Water Company          1500 Ronson Road          Iselin, NJ 08830          732-638-7524 – Telephone  <a href="mailto:rcapko@middlesexwater.com">rcapko@middlesexwater.com</a></p>
<p>Selena Montero          Middlesex Water Company          1500 Ronson Road          Iselin, NJ 08830          732-579-6827 – Telephone          732-638-7515 – Fax  <a href="mailto:smontero@middlesexwater.com">smontero@middlesexwater.com</a></p>	<p>Michele L. Tilley          Middlesex Water Company          1500 Ronson Road          Iselin, NJ 08830          732-638-7676 - Telephone          732-638-7526 – Fax  <a href="mailto:mtilley@middlesexwater.com">mtilley@middlesexwater.com</a></p>	<p>Ada Soto          Middlesex Water Company          1500 Ronson Road          Iselin, NJ 08830          732-638-7511 – Telephone          732-218-1113 – Fax  <a href="mailto:asoto@middlesexwater.com">asoto@middlesexwater.com</a></p>

**Board of Public Utilities**

<p>Christine Lin          Board of Public Utilities          44 South Clinton Avenue          3<sup>rd</sup> Floor, Suite 314          Post Office Box 350          Trenton, NJ 08865-0350          (609) 292-2951 - Telephone  <a href="mailto:Christine.lin@bpu.nj.gov">Christine.lin@bpu.nj.gov</a></p>	<p>Maria Moran, Director          Board of Public Utilities          44 South Clinton Avenue          3<sup>rd</sup> Floor, Suite 314          Post Office Box 350          Trenton, NJ 08865-0350          (609) 292-2422 - Telephone          (609) 292-3191 - Fax  <a href="mailto:Maria.moran@bpu.nj.gov">Maria.moran@bpu.nj.gov</a></p>	<p>Dr. Ben Witherell          Board of Public Utilities          44 South Clinton Avenue          3<sup>rd</sup> Floor, Suite 314          Post Office Box 350          Trenton, NJ 08865-0350          (609) 292-2637 – Telephone          (609) 292-3191 – Fax  <a href="mailto:Ben.witherell@bpu.nj.gov">Ben.witherell@bpu.nj.gov</a></p>
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**Division of Rate Counsel**

<p>Debra F. Robinson, Esq.          Division of Rate Counsel          140 East Front Street – 4<sup>th</sup> Floor          PO Box 003          Trenton, NJ 08625          (609) 984-1460 – Telephone  <a href="mailto:drobinso@rpa.nj.gov">drobinso@rpa.nj.gov</a></p>	<p>Stefanie A. Brand, Esq.          Director          140 East Front Street – 4<sup>th</sup> Floor          PO Box 003          Trenton, NJ 08625          (609) 984-1460 – Telephone  <a href="mailto:sbrand@rpa.nj.gov">sbrand@rpa.nj.gov</a></p>	<p>Kathryn A. Hart          Legal Assistant          Division of Rate Counsel          140 East Front Street – 4<sup>th</sup> Floor          PO Box 003          Trenton, NJ 08625          (609) 984-1460 – Telephone  <a href="mailto:khart@rpa.nj.gov">khart@rpa.nj.gov</a></p>
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BOARD OF PUBLIC UTILITIES  
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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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MAIL ROOM

DEC 06 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

IN THE MATTER OF THE APPLICATION	:
OF MIDDLESEX WATER COMPANY FOR	:
AUTHORITY TO ISSUE UP TO	:
\$140.0 MILLION OF FIRST MORTGAGE	:
BONDS	:
	:
	: PETITION
	: Docket No.
	WF1812_____

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. To ensure the provision of safe and reliable water service to its customers, Middlesex continually plans for ongoing upgrades, replacements and improvements to its water system. These plans include preparation of a perpetual five-year capital infrastructure expenditure budget that is based on engineering assessments, system studies and government regulatory requirements. The current five-year program, known as Water for Tomorrow, projects that Middlesex will spend approximately \$354.8 million through the year 2023 to replace aging infrastructure, remain compliant with water quality requirements and enhance service. A summary of the Water for Tomorrow projects is annexed hereto as Exhibit I.

6. The funding of the projected \$354.8 million infrastructure investment will require a combination of funds generated from operations, debt financings and equity issuances in order to maintain a balanced capital structure to continue to attract investor interest. Board approval for issuing equity securities is not being sought in this matter.

7. For the last twenty years, Middlesex has primarily utilized the New Jersey State Revolving Fund (“SRF”) program for its external debt financing needs. Recent changes in SRF application qualification requirements for investor-owned water utilities have reduced the amount of low-cost funding available to Middlesex through that program. In order to fill the void caused by these changes as well as finance non-SRF qualifying projects at attractive terms and interest rates, Middlesex is seeking to issue long-term debt through the New Jersey Economic Development Authority (the “Authority”), a public body corporate and politic constituting an instrumentality of the State of New Jersey.

8. 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 \$140.0 million from the Authority and in connection therewith to request the Authority's issuance of up to \$140.0 million of Authority tax-exempt Water Facilities Revenue Bonds ("Authority Bonds") in order to fund portions of its Water for Tomorrow program. It is contemplated that the Authority will issue and sell its Authority Bonds in a series of one or more bond offerings over a multi-year period to accommodate the Company's construction timetable for the Water for Tomorrow program.

9. To evidence and secure the Company's obligation to repay the Authority's loans, the Company proposes to issue and deliver to the Authority, concurrently with the issuance and delivery by the Authority of the Authority Bonds, an equal principal amount of the Company's First Mortgage Bonds ("Company First Mortgage Bonds"), having interest rates, maturity dates and redemption provisions designed to correspond with the terms and conditions of the Authority Bonds.

10. The Company expects that interest on the Authority Bonds will be exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended, and that the Authority's Bond Counsel will give such an opinion at closing. As a result, the interest rate on the Company's loans from the Authority will be substantially less than the interest rate the Company would otherwise pay to lenders on conventional debt financing.

11. The Company proposes that the Authority issue the Authority Bonds either through an underwriter or by a placement agent at a price to be negotiated based on market conditions, and requests the Board's approval for that proposal. Petitioner makes this request to support its need for flexibility in accessing the capital and credit markets under a range of market conditions while achieving the lowest attainable cost of financing, and has therefore requested authority, as appropriate market opportunities arise, to issue and/or sell the Bonds, as described above, in one or more negotiated transactions. Since the Authority Bonds will be issued through a process that assures that the best price available will be obtained and is subject to the scrutiny of the State through the Authority, the Company proposes that no further Board approval be required for the Company's request for issuance of the Authority Bonds, or the issuance of the corresponding Company's First Mortgage Bonds to the Authority in connection with the loans.

12. Therefore, the Company specifically petitions the Board for approval and authority:

(a) To borrow up to an aggregate principal amount of \$140.0 million from the Authority in one or more transactions, and to make, execute and deliver to the Authority one or more loan agreements therefor, and to make, execute and deliver to the Authority and the underwriter or placement agent one or more contracts of purchase in connection therewith, if necessary, as well as such other documents as are reasonably required to perform its obligations thereunder;

(b) To make, execute and deliver such Supplemental Indenture(s) of Mortgage (“Supplemental Indentures”) to the Company’s Indenture Trustee, for purpose among other things, of issuing and describing the terms and conditions of the Company First Mortgage Bonds. Such Supplemental Indentures will, among other things, create and provide for the issuance of the various series of first mortgage bonds to be next designated under an Indenture of Mortgage, dated April 1, 1927, between the Company and United Counties Trust Company, as Trustee; as heretofore supplemented by a series of supplemental indentures issued, the first one dated as of October 1, 1939; the most recent one (Fifty-Second Supplemental Indenture) dated as of May 15, 2018; and

(c) To issue up to \$140.0 million principal amount of the Company First Mortgage Bonds to the Authority to evidence and secure the Company’s obligation to repay the Authority’s loans. Each series of the Company First Mortgage Bonds is to be secured equally and ratably with all outstanding debt of Petitioner heretofore issued under the aforesaid Indenture of Mortgage, as supplemented. The Company First Mortgage Bonds are to bear interest at a rate to be determined based upon the rate(s) for the Authority Bonds which are intended to be sold at a negotiated price without further Order of the Board; and

(d) Approval of a privately negotiated offering.

13. The Company proposes to use the proceeds of the sale of the Company First Mortgage Bonds to fund a part of the capital expenditures to be incurred in its Water For Tomorrow program for the upgrade, replacement and improvements to its water system.

14. As of September 30, 2018, the Company has 16,397,771 outstanding shares of Common Stock of 40,000,000 shares authorized by its Restated Certificate of Incorporation. As of such date, it has 23,357 of Preferred Stock, in four series, outstanding of 125,970 shares authorized by its Restated Certificate of Incorporation. The book value of

the Company's Common Stock as of September 30, 2018 was \$14.19 per share. The closing market price on September 30, 2018 was \$48.42 per share.

15. As of September 30, 2018, 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. WF97030172, 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 September 30, 2018 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 Authority 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 Authority 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 September 30, 2018.
- Exhibit B - Statement of Income  
Twelve months ended September 30, 2018.
- Exhibit C - Statement of Capital Stock and Long-Term  
Debt, September 30, 2018.
- Exhibit D - Statement of Cash Flows  
Twelve months ended September 30, 2018.
- Exhibit E - Interest Charged to Income Upon Each Kind  
of Indebtedness and Rate Thereon,  
Twelve months ended September 30, 2018.

- Exhibit F - Forms of Resolutions of the Company's Board of Directors.
- Exhibit G - Proposed Form of Order.
- Exhibit H - Proposed Timetable.
- Exhibit I - Water for Tomorrow Projects Summary

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

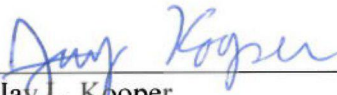
Jay L. Kooper  
Vice President, General Counsel & Secretary  
Middlesex Water Company  
1500 Ronson Road  
Iselin, New Jersey 08830

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

- a. Borrow up to \$140.0 million from and make, execute and deliver to the Authority such loan agreements therefor and to make, execute and deliver to the Authority and such underwriters or placement agents, in either case, as may be selected by negotiation, such contracts of purchase in connection therewith; and
- b. Make, execute and deliver such Supplemental Indentures of Mortgage to the Company's Indenture Trustee; and
- c. Issue and sell up to \$140.0 million principal amount of the Company First Mortgage Bonds to the Authority, all in accordance with the terms set forth herein; and
- d. Obtain the relief requested in subparagraphs (a) through (c) of this section herein without the requirement of a further Board Order as to pricing; and
- e. 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: December 5, 2018



