



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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 ISSUE UP TO \$60 MILLION OF)
FIRST MORTGAGE BONDS AND TO REDEEM)
CERTAIN OUTSTANDING FIRST MORTGAGE)
BONDS)

ORDER

DOCKET NO. WF12080731

Parties of Record:

Kenneth J. Quinn, Esq., Middlesex Water Company
Stefanie A. Brand, 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 August 7, 2012, pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9, requests authority:

- a) To redeem up to \$60 million tax exempt First Mortgage Bonds;
- b) To borrow up to \$60 million from and make, execute and deliver to the New Jersey Economic Development Authority (Authority) one or more Supplemental Loan Agreements therefore and to make, execute and deliver to the Authority and such underwriters or a placement agent, as may be selected, Contracts of Purchase in connection therewith, if necessary, as well as such other documents as are reasonably required to perform its obligations thereunder;
- c) To make, execute and deliver various Supplemental Indentures of Mortgage to the various named banks, as Trustee, for the purpose among other things, of describing the terms and of Petitioner's First Mortgage Bonds, (hereinafter called "New Bonds"); and

- d) To issue up to \$60 million principal amount of New Bonds. Such series of New Bonds is to be secured equally and ratably with Petitioner's aforesaid Indentures of Mortgage, as supplemented. The New Bonds are to bear interest at rate(s) to be determined based upon the rate(s) for the Authority's Bonds which is intended to be sold at a negotiated price.

Petitioner requests that the relief set forth in Paragraphs a through d above be granted by the Board without the requirement for a further Board Order as to pricing.

Petitioner, to maximize the overall savings in transactional and financial costs plans to redeem its outstanding tax-exempt first mortgage bonds simultaneously with the proposed issuance and sale of its New Bonds to the Authority as security for the Authority's loan to Petitioner of up to \$60 million. The Authority will issue and sell its tax-exempt Water Facilities Revenue Refunding Bonds (Middlesex Water Company Project - 2012 Series) to provide funds for the loan.

Therefore, the Company proposes that the Authority issue the New Bonds through an underwriter or by a placement agent, in either case, at a price to be negotiated and requests the Board's approval for that proposal. Since the New Bonds will be issued by the Authority by 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 issuance of the Bonds or the issuance of the Company's bonds to the Authority.

The Division of Rate Counsel has reviewed this matter and by letter dated August 29, 2012, does not object to the Board's approval of the Company's petition. Rate Counsel has proposed certain conditions to the approval of the petition which have been included herein.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by Petitioner as indicated above and finding that the proposed transactions are to be made in accordance with law, are in the public interest, and approving the purposes thereof, HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED to:

- a) Redeem up to \$60 million of its outstanding first mortgage bonds;
- b) Borrow up to \$60 million from and make, execute and deliver to the Authority Supplemental Loan Agreements therefor and make, execute and deliver to the Authority and such underwriters or placement agent, in either case, as may be selected by negotiation Contracts of Purchase in connection therewith;
- c) Issue and sell up to \$60 million principal amount of New Bonds in various series to be designated; and
- d) Make, execute and deliver such Supplemental Indentures of Mortgage to various named banks, as Trustee, as may be required in connection with this transaction.

This Order is issued subject to the following provisions:

- 1) This Order shall not be construed as directly or indirectly fixing for any purpose 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

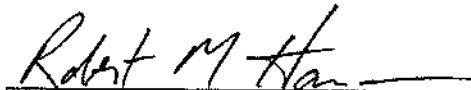
sold will be represented by tangible or intangible assets of commensurate value or investment cost.

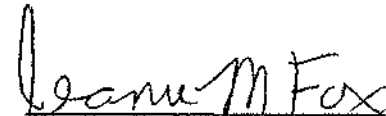
- 2) This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
- 3) Petitioner shall submit a schedule indicating complete details of the issuance costs and the net present value savings resulting from the redemption of the Bonds, no later than thirty (30) days following the closing date for these transactions.
- 4) Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
- 5) The 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 July 1, 2013.

This Order shall be effective on September 23, 2012.


DATED: 9/13/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

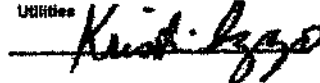

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
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 Application Of Middlesex Water Company For Authority To Issue Up
To \$60 Million Of First Mortgage Bonds And To Redeem Certain Outstanding First
Mortgage Bonds**

DOCKET NO. WF 12080731

SERVICE LIST

Dennis W. Doll
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830
732-634-1500

A. Bruce O'Connor
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830
732-634-1500

Kenneth J. Quinn, Esq.
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830
732-634-1500

Mark C. Beyer
Board of Public Utilities
Office of the Economist
44 South Clinton Ave, PO Box 350
Trenton, NJ 08625-0350

Mike Kammer
Board of Public Utilities
Division of Water
44 South Clinton Ave, PO Box 350
Trenton, NJ 08625-0350

Maria Moran, Director
Board of Public Utilities
Division of Water
44 South Clinton Ave, PO Box 350
Trenton, NJ 08625-0350

Robert Wojciak
Board of Public Utilities
Office of the Economist
44 South Clinton Ave, PO Box 350
Trenton, NJ 08625-0350

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Ave, PO Box 350
Trenton, NJ 08625-0350

Debra F. Robinson, Esq.
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101
973-648-2690

Stefanie A. Brand, Esq.
Director
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101

Geoffrey Gersten DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07102