



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

IN THE MATTER THE APPLICATION OF)	<u>CABLE TELEVISION</u>
SERVICE ELECTRIC CABLE T.V. OF)	
HUNTERDON, INC. FOR AUTHORITY TO A))	ORDER OF APPROVAL
PERMIT AN INCREMENTAL BORROWING)	
UNDER A CREDIT AGREEMENT, AND B))	DOCKET NO. CF08050354
ENTER INTO A FIRST AMENDMENT TO A)	
CREDIT AGREEMENT)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

Service Electric Cable T.V. of Hunterdon, Inc. ("SEH") a Pennsylvania corporation, with its principal place of business in Bethlehem, Pennsylvania, is a New Jersey cable television company operating its cable television business in twelve communities in the counties of Hunterdon and Warren, New Jersey. Specifically, SEH provides cable television service in Hunterdon County in the communities of Alexandria, Frenchtown, Milford, Holland, Kingwood, and Bloomsbury and in Warren County in the communities of Alpha, Greenwich, Harmony, Lopatcong, Phillipsburg, and Hopatcong. SEH has been providing cable television service since 1991.

SEH is an affiliate of Service Electric Cable T.V. Inc. ("SECTV"). SECTV owns and operates cable television systems in the Commonwealth of Pennsylvania. SEH and SECTV are borrowers under a Credit Agreement ("2006 Credit Agreement"), previously approved by the Board in Docket No. CF06110816 on April 13, 2007. The 2006 Credit Agreement contemplated incremental borrowings of an additional \$20,000,000. However, no authority was sought by SEH at that time for any part of the permissible incremental loan amount.

By Petition filed May 22, 2008, pursuant to N.J.S.A. 48:5A-40 and N.J.S.A. 48:5A-42 and in conformance with N.J.A.C. 14:17-6.13, SEH is seeking approval for its participation in borrowing an additional \$10,000,000 pursuant to the terms of the 2006 Credit Agreement; that incremental borrowing being identified as the \$10,000,000 Senior Secured Term Loan C Facility issued under Section 2.8 of the 2006 Credit Agreement. National City Bank, Cleveland, Ohio, is a current lender and will continue to act as agent and Issuing Bank. Other lenders may ultimately participate pursuant to the terms of the 2006 Credit Agreement and the \$10,000,000 Senior Secured Credit Agreement.

The 2006 Credit Agreement was for a \$75,000,000 Senior Secured Credit Facility consisting of a) \$10,000,000 Revolving Credit Facility with a \$3,000,000 sublimit for the issuance of Standby Letters of Credit; b) a \$40,000,000 Senior Secured Term Loan ("Term Loan A"); and, c) a \$25,000,000 Senior Secured Term Loan ("Term Loan B") with possible incremental term loans of up to \$25,000,000.

The Revolving Credit Facility and Term Loan A each have a seven year amortization period. Term Loan B has a seven and one half year amortization period. The new Term Loan C will have a six and one half year term from the date of closing.

The primary use of the funds under Term Loan C will be for ongoing working capital needs and to continue expansion, upgrades and rebuilds in the system of SEH and SECTV.

Some funds from the loan proceeds under the 2006 Credit Agreement were used for the deployment in New Jersey of digital technology including digital converters. Extension of the system's fiber optics was also supported with the financing proceeds. No specifically identifiable projects are noted for New Jersey under Term Loan C. It is noted, however, that SEH has aggressively upgraded its system and deployed the new technology in its service areas under the 2006 Credit Agreement and from cash flow. It asserts that it will continue to be alert to such continuing opportunities. Indeed, SEH is currently engaged in building, upgrading, and rebuilding its system in most communities it serves in New Jersey, or has recently completed such activities.

As has previously been noted by SEH in connection with its filing under the 2006 Credit Agreement, SEH believes that borrowing with its affiliates allows it to obtain more favorable terms and leverage.

As is customary, SEH and its affiliates will be responsible for commitment fees and other expenses and obligations associated with the Term Loan C Facility. Those fees, charges, and obligations are referred to in the Summary of Terms and Conditions that were a part of SEH's filing and in the subsequently filed supplemental information.

The existing pledge of SEH's assets and capital stock, along with that of its affiliate SECTV, will be continued, as will the other obligations similar to the 2006 Credit Agreement. SEH and SECTV will continue to be jointly and severally liable on the full amount of the loans and all of the material terms and conditions of the credit facility, including the new Term Loan C Facility.

SEH also seeks approval of a First Amendment to Credit Agreement. That First Amendment to Credit Agreement will revise two of the definitions of the 2006 Credit Agreement. Those terms are "Fixed Charges Coverage Ratio" and "Operating Cash Flow". Those changes deal with various calculations and certifications within the 2006 Credit Agreement requirements, which are not expected to materially change the agreement from the Board's point of view.

The Division of Rate Counsel has reviewed this matter, and by letter dated June 27, 2008, recommended that the Board approve this petition.

Staff's review indicates that the proposed financing arrangement is in accordance with law and is not expected to have an adverse impact on the New Jersey customers or operations of SEH.

After review, the Board FINDS that the proposed transaction described herein is consistent with the applicable law, in the public interest and approving the purposes thereof HEREBY

AUTHORIZES the Petitioner to enter into Term Loan C as provided in the 2006 Credit Agreement, to issue the appropriate notes, give security; to enter into the First Amendment to Credit Agreement and to take other such actions reasonable inferred therefrom.

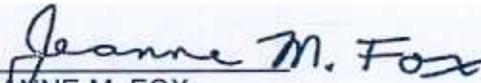
This Order is issued subject to the following provisions:

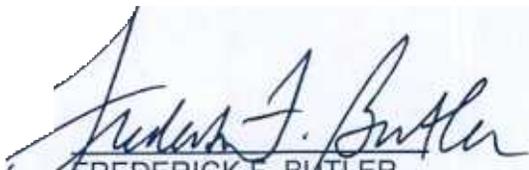
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner.
2. SEH Agrees to submit to the Board, at the Board's request, copies of all financial statements or materials required to be submitted to the lenders in connection with the credit facility.
3. The Petitioner shall notify the Board, within five (5) business days, of any material changes in the terms of the Agreement and shall provide complete details of such changes to the Board including any anticipated effects upon service in New Jersey, and where applicable, seek Board approval pursuant to N.J.S.A. 48:2-1 et seq.
4. In the event of default under the 2006 Credit Agreement, as amended, (the agreement and the agreement hereinafter referred to as "2006 Credit Agreement") and or Term Loan C approved herein, SEH shall notify the Board within five days of such, which will give the Board the opportunity to determine if such default would cause inadequate, unsafe, or improper service which could be in violation of N.J.S.A. 48:5A-36 and / or N.J.S.A. 48:5A-39.
5. The Petitioner shall notify the Board of any material default on the terms of the Agreement within five (5) business days of such occurrence.
6. Copies of interest rate protection/hedge agreements and or rate insurance/cap agreements shall be filed with the Board by SEH within 10 business days after their execution. The filing shall include the amount of principal covered, the old interest rate or range, the premium or consideration for the interest rate contract or insurance, anticipated interest expense savings and the present and future benefits of such agreements.
7. Approval of the transactions herein shall not constitute a determination, nor in any way limit future determination of the Board as to the treatment of indebtedness, capital structure and interest expense for ratemaking purposes, in any rate proceeding under the state or federal law.
8. The Board's approval herein should not be interpreted as limiting the Board's authority over SEH to the extent that any action contemplated in the 2006 Credit Agreement and or Term Loan C approved herein would require further Board review and approval under applicable law.
9. Any approval herein shall not be construed as automatically approving any past, present or future intercompany debt or advances that may require Board approval pursuant to the applicable statutes.

10. Material deviation in the executed closing documents from the terms and conditions approved herein or from that set forth in the filing by SEH and the supplements filed by SEH will render this Order of Approval void. SEH shall file a certification within thirty days of loan closing which shall indicate that there are no material deviations in the final closing documents from those so filed with the Board.
11. Consummation of the transactions approved herein must take place no later than sixty days from the date of approval of this Order, unless otherwise extended by the Board.
12. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement shall not constitute automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:2-1 et seq. where applicable.
13. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioner.

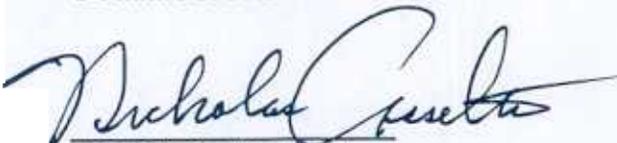
DATED: 9/15/08

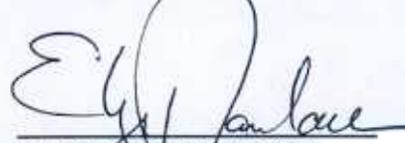
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

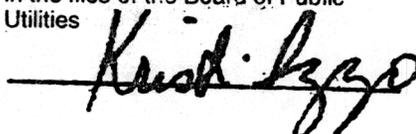

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
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



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UNDER A CREDIT AGREEMENT, AND B) ENTER INTO A FIRST AMENDMENT TO A
CREDIT AGREEMENT - Docket No. CF08050354**

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