



Agenda Date: 1/18/12
Agenda Item: 5B

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/WASTEWATER

IN THE MATTER OF THE PETITION OF)
GORDON'S CORNER WATER COMPANY FOR)
AUTHORITY TO MAKE, EXECUTE AND DELIVER A)
PROMISSORY NOTE, TERM LOAN AGREEMENT AND)
SUCH OTHER INSTRUMENTS AS MAY BE REQUIRED)
BY COBANK, PURSUANT TO N.J.S.A. 48:3-7,)
N.J.S.A. 48:3-9 AND N.J.A.C. 14:1-5.9.) DOCKET NO. WF11110801

Parties of Record:

Douglas R. Kleinfeld, Esq., Kleinfeld & Kleinfeld, Esq. for Gordon's Corner Water Company
Stefanie A. Brand Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Petitioner, Gordon's Corner Water Company (Company or Petitioner), a public utility of the State of New Jersey, with offices located at 27 Vanderburg Road, P.O. Box 145, Marlboro, New Jersey 07746, filed a petition with the Board of Public Utilities on November 9, 2011 seeking authority to make, execute and deliver a Promissory Note, Term Loan Agreement and such other instruments as may be required by the lender, CoBank, ACB (CoBank), in connection with a certain multiple advance senior secured term loan, pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9, and N.J.A.C. 14:1-5.9.

Petitioner has received a commitment from CoBank for a multiple advance senior secured term loan in an amount up to \$1,500,000, upon the terms and conditions set forth in CoBank's commitment letter dated October 25, 2011. The loan will be for a term of 20 years with a fixed rate of interest to be established in accordance with the aforesaid loan commitment at the time the loan proceeds are advanced. In accordance with the loan commitment, CoBank will receive a first priority lien on, and security interest in, all real and personal, tangible and intangible, present and future assets of the Company.

The proceeds of the \$1,500,000 multiple advance senior secured term loan will be used by Petitioner to finance the construction of a new well, to increase the capacity of an existing well,

for certain upgrades to treatment plant No.4, and to pay engineering and permit fees associated with the foregoing projects, with the remaining loan proceeds to be used for the purchase of water meters, service lines and replacement vehicles.

Staff has reviewed the capital improvements proposed by Petitioner, and it appears that the anticipated expenditures detailed above are reasonable and necessary to enable Petitioner to provide safe, adequate and proper service to its customers.

In addition, Staff is of the opinion that the terms of the multiple advance senior secured term loan appear to be reasonable considering the sources of financing available to Petitioner, its size, financial condition, current monetary markets, and prevailing economic conditions.

By letter dated January 5, 2012, the Division of Rate Counsel stated that it is not opposed to the petitioners request to enter into and conclude the loan with CoBank. Rate Counsel also recommended conditions that are included herein.

The Board, after investigation, FINDS that the loan transaction described herein is not contrary to the public interest, and approving the purposes thereof, HEREBY AUTHORIZES Gordon's Corner Water Company to enter into the subject loan with CoBank in accordance with the terms set forth in the commitment letter, and to make, execute and deliver a Promissory Note, applicable loan and security documents, and such other instruments as are necessary to effectuate the loan transaction described therein.

This Order is issued subject to the following provisions:

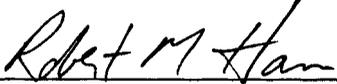
- 1) This Board's approval is expressly limited to the Loan described herein and as more fully described in the petition and supporting documents. In the event the Loan transaction with CoBank is not consummated, for any reason, the Company may not obtain financing from any other lender until the approval of this Board has been obtained with respect to the action proposed to be taken.
- 2) No franchise rights will be capitalized directly or indirectly by the issuance of the Bonds.
- 3) 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 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.
- 4) This Board's approval shall not indicate authorization to include in rate base the specific assets that will be acquired as a result of this petition. The determination of any assets to be included in rate base and the rate making impact thereof shall be addressed in a future rate base proceeding.
- 5) This Order shall not affect or in any way limit the exercise of the authority of this Board or of the State of New Jersey in any future petition or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or in any other matters affecting the Petitioner.
- 6) Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (60) days following the closing date for this transaction.
- 7) Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.

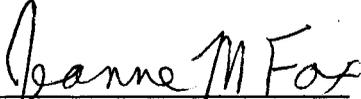
8) The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by May 30, 2012

This Order will be effective January 28, 2011

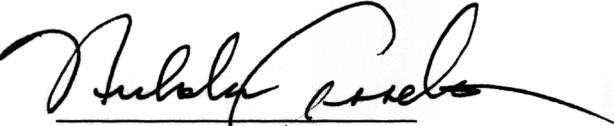
DATED: 1/18/12

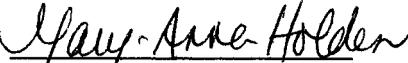
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

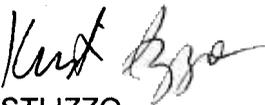

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

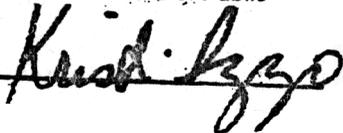

NICHOLAS ASSÉLTA
COMMISSIONER


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 Petition Of Gordon's Corner Water Company For Authority To Make, Execute And Deliver A Promissory Note, Term Loan Agreement And Such Other Instruments As May Be Required By Cobank, Pursuant To N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 And N.J.A.C.14:1-5.9.

Docket No. WF11110801

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