



Agenda Date: 9/10/25  
Agenda Item: VC

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1st Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

IN THE MATTER OF THE PETITION OF THE	)	<u>WATER</u>
ATLANTIC CITY SEWERAGE COMPANY FOR	)	ORDER
AUTHORITY FOR THE ISSUANCE OF LONG-TERM	)	
DEBT IN AN AMOUNT UP TO \$15,000,000 THROUGH	)	
JUNE 30, 2029	)	DOCKET NO. WF25050288

**Parties of Record:**

**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel  
**Courtney L. Schultz, Esq.**, Saul Ewing LLP, on behalf of Atlantic City Sewerage Company

**BY THE BOARD:**

On May 13, 2025, Atlantic City Sewerage Company ("Company" or "Petitioner"), a public utility of the state of New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") requesting authority, pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 to: 1) issue and sell, in one or more offerings from time to time, in an aggregate principal amount up to \$15,000,000 consisting of one or more series of first mortgage bonds, or other evidences of indebtedness such as term loan agreements, loan agreements, or similar instruments ("Long-Term Debt"); 2) execute and deliver one or more supplemental mortgage indentures, loan agreements, term loan agreements, notes, and such other documents as may be necessary or appropriate to effectuate the issuance of Long-Term Debt; and 3) take such actions as the Company determines may be necessary or appropriate in connection with these issuances ("Petition").

**BACKGROUND**

Petitioner operates a sewage collection and transmission system within its defined service territory, consisting of the City of Atlantic City, New Jersey. Within its service territory, Petitioner serves approximately 7,700 customers. Petitioner purchases its sewerage treatment from the Atlantic County Utilities Authority.

By the Petition, the Company stated that it contemplates issuance of new Long-Term Debt through taxable or tax exempt issuances in conjunction with issuances by the New Jersey Economic Development Authority or taxable issuances through bank loans. Petitioner stated that it may issue the Long-Term Debt in the form of secured or unsecured bonds. Petitioner additionally stated that it may enter into a loan agreement or term loan agreement and that it would issue replacement long-term debt in circumstances where it is economically advantageous to do so.

If Petitioner issues the Long-Term Debt in the form of secured bonds, such debt would be issued through one (1) or more supplemental indentures to an existing mortgage indenture dated December 31, 1991, thereby granting a mortgage lien on substantially all of Petitioner's property. Currently, the Company plans to issue \$9,000,000 of Long-Term Debt in the third quarter of 2025. Petitioner anticipates that the remaining \$6,000,000 will be issued in the third quarter of 2028.

For any debt issued pursuant to the Petition, Petitioner proposed to issue the Long-Term Debt for sale through a private placement using a competitive bidding process to ensure the lowest cost and most economically advantageous terms. Specifically, Petitioner stated that it would solicit bids from a minimum of three (3) prospective purchasers for the purchase of the debt. The interest rate and other terms of any debt issuance will be determined by analysis of any and all proposals received by Petitioner.

Petitioner sought Board authority to issue and sell the Long-Term Debt without further approval of the Board of the specific terms and conditions thereof and to execute and deliver one (1) or more supplemental mortgage indentures and such other documents as may be necessary or appropriate to effectuate the issuance of the Long-Term Debt. According to the Petition, the financing program described above would offer Petitioner the flexibility to take advantage of favorable market conditions and allow the Company to attain the lowest cost of funds available for the Long-Term Debt.

Petitioner stated that the proceeds from the issuance of the Long-Term Debt would be used for the construction, rehabilitation, upgrade, and expansion of various sections and components of its sanitary sewer system, as may be required to meet the needs and demands of its service territory, while maintaining the environmental integrity of the region.

The Company's plan to add an additional \$15 million of debt at current market rates will affect the total debt outstanding and the weighted cost of debt. According to the Company, as of June 30, 2025, the Company's total outstanding debt was \$19,849,306 and the weighted cost was 40.2%. If the Company adds an additional \$15 million of Long-Term Debt, the resulting new total outstanding debt would be \$34,849,306 and the new weighted cost would increase to 54.1%.

By letter dated July 10, 2025, the New Jersey Division of the Rate Counsel notified the Board that, after reviewing the Petition, supporting documents, and discovery responses, it is not opposed to approval.

## **DISCUSSION AND FINDINGS**

After careful review of this matter, the Board, having considered the Petition and the comments of Rate Counsel, **HEREBY FINDS** that the proposed transactions are to be made in accordance with law and are in the public interest. The Board, pursuant to N.J.S.A. 48:3-9, approving of the purposes of the proposed transactions, **HEREBY ORDERS** that Petitioner be and is **HEREBY AUTHORIZED** to issue Long-Term Debt in a principal amount of up to \$15,000,000.

This Order is subject to the following provisions:

1. The Board's approval is expressly limited to the issuance of Long-Term Debt upon the following conditions:
  - (a) Whether secured or unsecured, taxable or tax exempt, all bond issuances shall be by private placement and the Company shall solicit bids from a minimum of three (3) prospective purchasers for the purchase of the Long-Term Debt through a Request for Proposals ("RFP") process.
  - (b) Prior to incurring indebtedness through the execution of one (1) or more supplemental mortgage indentures or other document for indebtedness, the Company shall solicit bids from a minimum of three (3) prospective purchasers for the purchase of the debt through an RFP process.
  - (c) Upon selection of the successful bidder for the bond issuance and the execution of one (1) or more supplemental mortgage indentures or other document for indebtedness, the Company shall provide to the Board (i) a copy of the winning bid, (ii) the terms upon which the debt will be issued, and (iii) a summary of the terms of the other bids received.
2. 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.
3. This Order shall not be construed as a certification that the securities offered for sale will be represented by tangible or intangible assets of commensurate value or investment cost.
4. This Order shall not affect or 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, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting Petitioner.
5. The authority granted by the Board in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised on or before June 30, 2029.
6. Beginning January 15, 2026, and every six (6) months thereafter, Petitioner shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior six (6) months, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall include

**This Order shall become effective on September 17, 2025.**

BOARD OF PUBLIC UTILITIES  
BY:

CHR  
PRE



DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

ATTEST:   
 SHERRI L. LEWIS  
 BOARD SECRETARY

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IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY FOR AUTHORITY FOR  
THE ISSUANCE OF LONG-TERM DEBT IN AN AMOUNT UP TO \$15,000,000 THROUGH JUNE 30, 2029  
DOCKET NO. WF25050288

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