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CASE MANAGEMENT

2019 SEP -4 A 10:10

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

September 3, 2019

Via Overnight Delivery & E-Filing

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave., Suite 314
P.O. Box 350
Trenton, NJ 08625

RECEIVED
MAIL ROOM

SEP 03 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: 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, ACB, in Connection with said 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 (2019)
BPU Docket No. WF19091004

Dear Secretary Camacho-Welch:

Enclosed for filing please find an original and ten (10) copies, plus one additional copy, of a Petition filed on behalf of Gordon's Corner Water Company (the "Petitioner"), initiating the above-referenced matter.

Kindly stamp the additional copy of the Petition "filed" and return it to me in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Cms
Legal
DAG
RPA
M. Kummer
WATER(S)
Economist (3)

M. Lygo

Respectfully submitted,



Stephen B. Genzer

SBG/jg

Enclosures

cc: Attached Service List (w/encl., via email and regular mail)

Stephen B. Genzer - Newark Managing Partner

One Riverfront Plaza, Suite 1520 ♦ Newark, NJ 07102-5426 ♦ Phone: (973) 286-6700 ♦ Fax: (973) 286-6800

SERVICE LIST

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, ACB, In Connection with Said 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 (2019)
BPU Docket No. WF1909_____

Aida Camacho Welch, Secretary
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

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SEP 03 2019

PETITION BOARD OF PUBLIC UTILITIES
TRENTON, NJ

BPU Docket No. WF1909

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, ACB, IN
CONNECTION WITH SAID 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
(2019)

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CASE MANAGEMENT
2019 SEP -11 A 10:10
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Gordon’s Corner Water Company (hereinafter the “Company” or “Petitioner”), by way of this petition to the Board of Public Utilities (hereinafter “Board” or “BPU”), respectfully represents as follows:

1. Petitioner is a public utility of the State of New Jersey, subject to the jurisdiction of the Board, with offices at 27 Vanderburg Road, Marlboro, New Jersey, 07746.
2. Communications and correspondence relating to this Petition should be sent to Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP, 1037 Raymond Boulevard, Suite 1520, Newark, New Jersey, 07102-5426 and David G. Ern, President, Gordon’s Corner Water Company, 27 Vanderburg Road, Marlboro, New Jersey, 07746.
3. Petitioner has received a commitment from CoBank, ACB (hereinafter “CoBank”) for a multiple advance senior secured term loan (“loan”) in an amount up to \$2,000,000, upon the terms and conditions set forth in CoBank’s letter dated July 17, 2019, a copy of which is annexed hereto as Exhibit G.

4. The loan will be for a term of 21 years with a fixed rate of interest to be established in accordance with the loan commitment (Exhibit G).

5. 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.

6. The purpose of the loan is to fund the construction of Well #14 and associated upgrades to Water Treatment Plant #1 in Manalapan Township.

7. Petitioner hereby requests Board authorization to make, execute and deliver to CoBank a Promissory Note, Combination Mortgage and Security Agreement, Term Loan Agreement and such other instruments as may be required by CoBank to evidence and secure the loan in accordance with its terms. The forms of the various instruments will be filed by Petitioner with the Board as soon as they become available.

8. Petitioner has maintained a banking relationship with CoBank for many years and believes that, in light of its size, financial condition and prevailing economic conditions, the terms of the proposed loan are fair and reasonable.

9. The proceeds of the loan will be used by Petitioner for the purposes and in the manner described in paragraph 6 above.

10. With regard to Petitioner's current financial condition, it is to be noted as follows:

(a) Petitioner has an authorized limit of 1,000 shares of capital stock, no par value, of which there are 800 shares issued and outstanding;

(b) There is no authorized or issued preferred stock;

(c) Long-term debt consists of:

(i) a first mortgage loan in the principal amount of \$2,500,000 issued to Petitioner by CoBank on December 24, 1996, and maturing on December 20, 2021. The unpaid principal balance on

said mortgage loan as of July 31, 2019 was \$476,746. This loan was approved by the Board in its Order dated October 25, 1996 in BPU Docket No. WF96080588;

(ii) a first mortgage loan in the principal amount of \$2,000,000 issued to Petitioner by CoBank on April 8, 1999, and maturing on December 20, 2024. The unpaid principal balance thereon as of July 31, 2019, was \$802,054. This loan was approved by the Board by Order dated November 23, 1998 in BPU Docket No. WF98090974;

(iii) a first mortgage loan in the principal amount of \$1,500,000 issued to Petitioner by CoBank on January 15, 2003, and maturing on December 20, 2028. The unpaid principal balance thereon as of July 31, 2019 was \$560,000. This loan was approved by the Board by Order dated December 5, 2002 in BPU Docket No. WF02080529; and,

(iv) a first mortgage loan in the principal of \$1,500,000 issued to Petitioner by CoBank on April 4, 2012 and maturing on October 20, 2033. The unpaid principal balance thereon as of July 31, 2019 was \$1,157,873. This loan was approved by the Board by order dated January 18, 2012 in BPU Docket No. WF11110801.

- (d) Interest paid to CoBank on the aforesaid long-term debt in 2018 was \$244,826, at interest rates of 8.75%, 8.1%, 7.31% and 4.76% respectively; and
- (e) Dividends paid on Petitioner's capital stock in 2018 amounted to \$200,000.

11. Attached hereto and made part hereof are the following Exhibits:

- Exhibit A - Comparative Balance Sheet for the Year 2018 and Prior Year;
- Exhibit B - Income Statement for the Year 2018 and Prior Year;
- Exhibit C - Pro Forma Capitalization Statement;
- Exhibit D - Pro Forma Statement of Cash Flow;
- Exhibit E - Pro Forma Interest Coverage;
- Exhibit F - Pro Forma Security Basis Statement;
- Exhibit G - CoBank Commitment Letter dated July 17, 2019;
- Exhibit H - Pro Forma Balance Sheet;
- Exhibit I - Pro Forma Income Statement; and
- Exhibit J - Corporate Resolution Authorizing Loan.

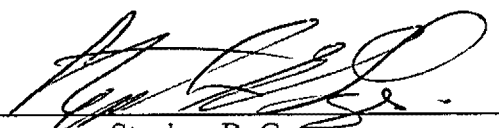
WHEREFORE, Petitioner, Gordon's Corner Water Company, respectfully requests that the Board enter an Order granting the following relief: (a) authorizing Petitioner to enter into and conclude the loan with CoBank on the terms and conditions set forth in CoBank's commitment letter dated July 17, 2019, attached hereto as Exhibit G; (b) authorizing Petitioner to make, execute and deliver to CoBank such instruments as are required to evidence and secure the loan, in accordance with its terms; and (c) for such other and further relief as may be just and equitable in the matter.

Respectfully submitted,

SAUL EWING ARNSTEIN & LEHR LLP
Attorneys for Petitioner,
Gordon's Corner Water Company

Dated: September 3, 2019

By: _____



Stephen B. Genzer

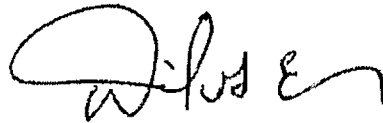
VERIFICATION

David G. Ern hereby certifies as follows:

1. I am President of Gordon's Corner Water Company, the Petitioner herein, and am authorized to execute this Verification on its behalf. I have reviewed the Petition and supporting schedules filed in this matter.

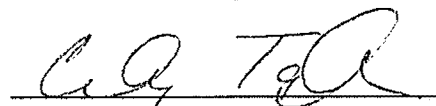
2. I hereby certify that the information contained therein is true to the best of my knowledge, information and belief.

3. This will further certify that it is Petitioner's intention, in good faith, to use the proceeds of the proposed loan for the purposes set forth in this Petition.



David G. Ern, President
Gordon's Corner Water Company

Sworn to and subscribed before me
this 30th day of August, 2019.



Notary Public
My Commission Expires: _____

