

**STATE OF NEW JERSEY
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, 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
(2022)

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: **PETITION**
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: BPU Docket No. WF2212 _____
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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 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 \$3,000,000, upon the terms and conditions set forth in CoBank’s letter dated November 28, 2022, a copy of which is annexed hereto as Exhibit G.

4. The loan will be for a term of 20 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 generally to fund the construction of various capital projects including but not limited to production well rehabilitation, relocation and construction of a bulk water interconnection with one of the Company's primary water suppliers, Veolia Water (Matchaponix), treatment plant filter rehabilitation and various service line installations and replacements throughout the Company's distribution system.

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 \$2,000,000 issued to Petitioner by CoBank on April 8, 1999 and maturing on December 20, 2024. The unpaid principal balance thereon as of October 31, 2022, was \$354,374. This loan was approved by the Board by Order dated November 23, 1998, in Docket No. WF98090974; (ii) 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 October 31, 2022, was \$365,000. This loan was approved by the Board by Order dated December 5, 2002, in Docket No. WF02080529; (iii) a first mortgage loan in the principal amount 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 October 31, 2022, is \$937,214. This loan was approved by the Board by order dated January 18, 2012, in Docket No. WF11110801; and (iv) a first mortgage loan in the principal of \$2,000,000 issued to Petitioner by CoBank on January 8, 2020 and maturing on January 20, 2041. The unpaid principal balance thereon as of October 31, 2022, is \$1,878,505. This loan was approved by the Board by order dated November 13, 2019, in Docket No. WF19091004;
- (d) Interest paid to CoBank on the aforesaid long-term debt in 2021 was \$220,186 at interest rates of 8.1%, 7.31%, 4.76%, and 4.18% respectively; and
- (e) Dividends paid on Petitioner's capital stock in 2021 amounted to \$400,000.

11. Attached hereto and made part hereof are the following Exhibits:
- Exhibit A - Comparative Balance Sheet for the Year 2021 and Prior Year;
 - Exhibit B - Income Statement for the Year 2021 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 - Commitment Letter dated November 28, 2022;
 - 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 November 28, 2022, 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 LLP
Attorneys for Petitioner,
Gordon's Corner Water Company

DATED: December 13, 2022

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.

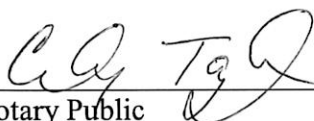
2. I hereby certify that the information contained therein is true to the best of my knowledge, information and belief.

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 13 day of DEC, 2022.



Notary Public
My Commission Expires: _____

