



Agenda Date: 9/30/14  
Agenda Item: 5A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF )  
ENVIRONMENTAL DISPOSAL CORPORATION FOR ) ORDER  
AUTHORIZATION TO ENTER INTO A SENIOR )  
SECURED TERM LOAN FOR UP TO \$2.1 MILLION ) DOCKET NO. WF 14080886

**Parties of Record:**

**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel  
**Edward K. DeHope, Esq.**, Riker Danzig Scherer Hyland & Perretti LLP

**BY THE BOARD:**

On August 5, 2014, Environmental Disposal Corp. ("EDC"), a public utility engaged in the business of collection, treatment and disposal of municipal sewage, filed a petition with the Board seeking approval, pursuant to N.J.S.A. 48:3-7, 3-9 and N.J.A.C. 14:1-5.9 to increase by up to \$2.1 million its current indebtedness ("New Loan") to CoBank, ACB ("CoBank"), consisting of two loans approved by Board Orders dated December 16, 1998 in Docket No. WF98080708 ("1998 Order") and December 17, 2009 in Docket No. WF09100859 ("2009 Order").

The proceeds of the New Loan will finance the Schley Mountain Road Pump Station Redundancy Project, which involves replacement and repair of two pump systems that are approximately thirty years old, construction of a second wet well and installation of a duplicative system of two new pumps, and protecting the new wet well and pumps by an addition to the building covering the existing wet well so that it covers the new wet well. The second wet well and new pump systems will provide a redundancy should an operating emergency occur requiring the shutdown of one or both pumps in a wet well at the Schley Mountain Road Pump Station, which receives over a million gallons per day of raw sewage which it directs to the EDC treatment plant through a pressure main. If this project is completed for less than \$2.1 million, EDC proposes to utilize the remaining proceeds of the New Loan for other capital projects described in an exhibit to the Verified Petition. EDC's Board of Directors has approved the New Loan with the stipulation that its proceeds solely be used for capital projects to benefit the EDC sewer system.

EDC seeks Board approval to enter into the New Loan in accordance with an Amended and Restated Master Loan Agreement ("Amended MLA") and an Amended and Restated Real Estate Mortgage and Security Agreement ("Amended Mortgage") executed in December 2009

after the Board approved same in its 2009 Order. The latter agreement provided CoBank with a perfected first priority lien on, and security interest in, all real and personal, tangible and intangible, present and future assets of EDC as set forth therein. EDC states that there will not be any additional collateral for the New Loan.

In order to issue the New Loan, CoBank is requiring EDC to enter into a Promissory Note and Multiple Advance Term Loan Supplement ("Promissory Note"), which, among other things, provides for repayment of the unpaid principal balance of the loan in 240 consecutive monthly installments. The Promissory Note provides EDC with the option of a weekly quoted variable rate interest effective at the rate of interest established by CoBank on the first business day of each week or a fixed rate per annum as quoted by CoBank for a period of at least 180 days in increments or multiples of \$100,000. In its petition EDC stated that the current interest rate with the variable rate option was approximately 2.0% per annum and with the fixed rate option approximately 5%. EDC's management believes its best option initially is to finance the New Loan amount at CoBank's variable interest rate and at the time the Federal Reserve Bank begins to move rates in an upward direction EDC will determine when to fix the rate so as to provide an advantageous interest rate for both EDC and its ratepayers.

On September 11, 2014, the Division of Rate Counsel provided the Board with its comments on the proposed financing. Rate Counsel recommended certain language be contained in the Order of approval and that language has been included herein. Rate Counsel does not object to approval of the petition.

The Board, after investigation, and having considered the petition and exhibits and responses to discovery requests provided by EDC in this proceeding, and being satisfied that EDC's proposed actions, as indicated above and subject to the conditions described below, are in accordance with the law and are in the public interest, and having approved the purposes thereof, the Board **HEREBY ORDERS** that EDC is **HEREBY AUTHORIZED** to increase the balance of its loans with CoBank, ACB, previously approved by the Board, by up to \$2,100,000 and execute the Promissory Note and Multiple Advance Term Loan Supplement substantially in the form provided by EDC in this proceeding, and such other documents as are necessary to secure the New Loan; and utilize the proceeds of the New Loan for the capital projects identified in the Petition; and take such other actions as may be required to consummate the transaction identified in the Petition.

This Order is subject to the following provisions:

1. Petitioner shall furnish the Board with executed copies of the loan documents referenced herein within ten days of closing, noting all changes in said documents from those upon which this Order is based, and there shall be no material substantive changes without prior approval of the Board.
2. The New Loan shall not be prepaid at a premium without further Board approval.
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 EDC; nor as certifying that the securities authorized to be issued will be represented by tangible or intangible assets of commensurate value or investment cost.

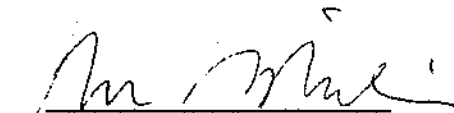
4. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matters affecting EDC.
5. The Board's approval is expressly limited to the New Loan described herein and as more fully described in the Petition and supporting documents.
6. This Order shall not be construed as certification that the New Loan herein authorized will be represented by tangible or intangible assets of commensurate value or investment cost.
7. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised within sixty (60) days of the effective date of this Order.

This Order will be effective October 10, 2014.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES  
BY:

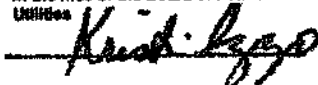
  
DIANNE SOLOMON  
PRESIDENT

  
JOSEPH L. FIORDALISO  
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



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FOR AUTHORIZATION TO ENTER INTO A SENIOR SECURED TERM LOAN FOR UP TO  
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