



Agenda Date: 8/19/08
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC
SERVICE ELECTRIC & GAS COMPANY (PSE&G)) ORDER AND DECISION
FOR APPROVAL OF THE SALE AND CONVEYANCE)
OF AN 80' WIDE DISTRIBUTION RIGHT-OF-WAY,)
WITH A MUNICIPAL TAX MAP DESIGNATION OF)
LOT 25 IN BLOCK 286, IN THE TOWN OF KEARNY,)
COUNTY OF HUDSON AND STATE OF NEW JERSEY,)
TO ORANGEWOOD PROPERTIES, FOR THE SUM)
OF \$550,000.00) DOCKET NO. EM05070650

(SERVICE LIST ATTACHED)

BY THE BOARD:

On July 28, 2005, Public Service Electric and Gas Company ("PSE&G") filed a petition with the Board, pursuant to N.J.A.C. 14:1-5.6, seeking approval of the sale of real property ("Property"), located in Kearny, Hudson County, New Jersey, to Oranewood Properties Ltd. ("Oranewood" or "Buyer") for the sum of \$550,000.00. A copy of the petition was served upon the Public Advocate, Division of Rate Counsel ("Rate Counsel").

The Property consists of about 4.28 acres of vacant land situated on the north side of Harrison Avenue approximately 0.6 miles west of its intersection with Belleville Turnpike, and is referred to as Lot 25 in Block 286 on the official municipal tax map. PSE&G had acquired the land in 1950 for the distribution of electricity and natural gas. In the immediate area of the Property there is a variety of industrial and commercial uses including a large postal facility, warehouses, and small automotive repair garages.

In March 2005, PSE&G concluded that the Property was not income-producing and was no longer useful to the Company, and thus, deemed the Property as no longer useful for utility purposes. Subsequently, PSE&G advertised the Property for sale in the New Jersey Star

Ledger and the Jersey Journal. The Company received one bid which was submitted by Orangewood Properties Ltd., owner of the adjoining property. The Company accepted the bid from Orangewood, and on May 11, 2005, entered into a Sale Contract ("Contract"). According to the Contract, PSE&G will have an exclusive easement over the Property. Thus, the transaction will not affect the Company's ability to provide safe, adequate, and reliable utility service to its customers.

In August 2003, an independent appraisal set the value of the Property at \$547,000. The Company had acquired the land at a cost of \$56,152. The Property is carried on the Company's books at \$25.51 and its total assessed valuation is \$12,035. PSE&G pays annual real estate taxes in the amount of \$12,160 for the Property and anticipates a net pre-tax gain of \$549,974.49 as a result of the sale. The property is not income-producing. According to the Contract, Orangewood will be responsible for the relevant taxes.

By letter dated October 27, 2005, Rate Counsel states that it does not object to the sale of the Property. However, the Advocate disagrees with PSE&G's proposed accounting treatment as well as the Company's proposed disposition of the net gain. Rate Counsel asserts that, since the Property is included in PSE&G's rate base, PSE&G's customers continue to bear the expenses associated with the Property. Rate Counsel recommends that the net gain "be treated in the same way as the Board has previously ordered for gains on sales of New Jersey's major water/sewer utilities," i.e. 50% going to stockholders and 50% going to customers. Rate Counsel also reserves its right to examine the rate-making and accounting treatment of the transaction in the Company's next rate proceeding.

The Property is under the jurisdiction of the Meadowlands Commission and is zoned for roads, rails and rights-of-way. It is in an "Designated Growth Area" as defined by the Board's Main Extension Rules at N.J.A.C. 14:3-8.2. The proposed transaction will not negatively affect the State's smart growth goals, as the Property is located in an area designated for growth and its proposed use is consistent with the current land use controls. The Buyer intends to use the Property for access and vehicular parking facilities.

DISCUSSION AND FINDINGS

After careful review and consideration of the record in this matter, the Board FINDS that the sale of the Property by PSE&G to the Buyer will not adversely affect the public interest and will not affect the Company's ability to render safe, adequate and reliable service. The Board HEREBY APPROVES the sale of the Property to the Buyer in the amount of \$550,000, with the net gain being shared equally between customers and stockholders. The Board ORDERS PSE&G to file new journal entries in compliance with this Order within 15 days.

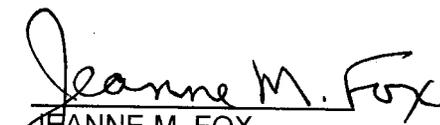
This Order shall not affect or in any way limit the exercise of the authority of this Board to revisit the issues related to ratemaking treatment of this transaction in the Company's next rate proceeding, nor shall it affect or in any way limit the exercise of the authority of this Board to



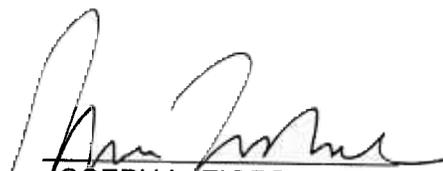
revisit the methodology employed in the distribution of the proceeds of this transaction. This Order shall be of no effect and null and void if the transaction approved in this Order is not consummated within six (6) months of the date hereof.

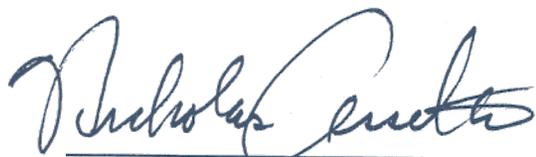
DATED: 8/22/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

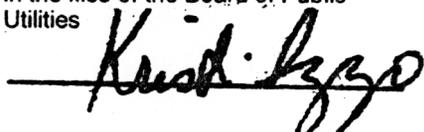

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
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 PUBLIC SERVICE ELECTRIC
& GAS COMPANY (PSE&G) FOR APPROVAL OF THE SALE AND
CONVEYANCE OF AN 80' WIDE DISTRIBUTION RIGHT-OF-WAY, WITH A
MUNICIPAL TAX MAP DESIGNATION OF LOT 25 IN BLOCK 286, IN THE
TOWN OF KEARNY, COUNTY OF HUDSON AND STATE OF NEW JERSEY,
TO ORANGEWOOD PROPERTIES, FOR THE SUM OF \$550,000.00

DOCKET NO. EM05070650

SERVICE LIST

Sheree Kelly
Assistant General Regulatory Counsel
PSE&G
80 Park Plaza, T5G
Newark, NJ 07102

Kenneth Sheehan, DAG
NJ Department of Law & Public Safety
Division of Law
124 Halsey Street
Newark, NJ 07101

Stephanie Brand
NJ Department of the Public Advocate
Division of Rate Counsel
31 Clinton Street, 11th Floor
Newark, NJ 07101

Christine Juarez, Esq.
NJ Department of the Public Advocate
Division of Rate Counsel
31 Clinton Street, 11th Floor
Newark, NJ 07101

Nusha Wyner, Director
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Ricky John, Ph. D.
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102