



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

TELECOMMUNICATIONS

IN THE MATTER OF THE APPLICATION OF)
VERIZON NEW JERSEY, INC., FOR THE APPROVAL)
OF THE SALE AND CONVEYANCE OF REAL)
PROPERTY LOCATED IN THE BOROUGH OF)
MADISON, MORRIS COUNTY, NEW JERSEY TO)
HAMPSHIRE GLOBAL PARTNERS, L.L.C.)

ORDER OF APPROVAL

DOCKET NO. TM09070552

(SERVICE LIST ATTACHED)

BY THE BOARD:

On July 21, 2009, Verizon New Jersey Inc. ("Petitioner" or "VNJ") filed an application ("Petition") for approval of the sale and conveyance of real property ("Property") located in the Borough of Madison, Morris County, New Jersey to Hampshire Global Partners, L.L.C. ("Buyer") for \$10,200,000.00. According to the application, there is no relationship between the Petitioner and the Buyer other than that of transferor and transferee.

The Property consists of a three story, 224,680 square foot building on approximately 15 acres of land and was acquired on June 10, 1976 at a purchase price of \$8,469,175.00. Improvements to the Property subsequent to the purchase thereto consist of a total cost to date of \$38,793,249.00. The book value of the Property is \$21,975,365.00. The Property is not income producing, and its 2008 / 2009 assessed value is \$15,654,600.00.

In August 2007, Petitioner determined that upon the sale of the Property and subject to the post closing lease, the reservation of rights and interests, and easements and reservations as described in the sale agreement (Agreement), the property will not be required for any present or prospective use for utility purposes. The Property has been used as a site for Petitioner's Business Information Center, and will cease to be used for such purposes when the personnel from this location are transferred to other locations.

On July 14, 2009, Petitioner obtained an appraisal of the Property from Cushman & Wakefield of New Jersey, which determined that, the market value of the Property as of July 1, 2009, was \$10,100,000.00.

The Petition states that the Property had been advertised in February and March 2009. In response to the advertisement, four (4) bids were received. Petitioner rejected the highest bid of \$11,000,000.00 submitted by the K. Hovnanian North Central Acquisition, L.L.C because it was subject to a contingency for approval for residential zoning. The Petitioner accepted the second highest bid submitted by Hampshire Global Partners, L.L.C.

Pursuant to the sales agreement, the Petitioner will lease back the Property for a period of two years from the date of closing (subject to the right of the Landlord to accelerate the expiration date after Petitioner vacates the Property and removes its personal property) in order to have sufficient time to relocate its business operations to other locations. The details of this lease back arrangement are set forth in exhibit D, attached to the Petition. Petitioner also reserves rights and easements in the Property for the purpose of providing and continuing telecommunications services. The details of these rights and easements are described in the sale agreement and exhibit F annexed to the Petition.

On August 3, 2009 the Division of Rate Counsel ("Rate Counsel") filed its comments stating that it does not oppose the sale; however, it questions the decision of Verizon to sell the Property two years before it deems it to be no longer useful as utility property and to lease back the property at cost of well over \$6,688,448. Rate Counsel recommended that the Board obtain assurance from Verizon that all call center functions including employees remain in New Jersey.

On August 5, 2009, Verizon filed its response comments stating that it is pleased to that Rate Counsel does not object to the sale of the Property. Verizon opposes Rate Counsel's suggestion that the Board condition its approval upon receiving assurances from Verizon that all call center functions and related employees remain in New Jersey. Verizon argues that there is no nexus between the sale of Property and Rate Counsel's suggested conditions. Verizon argues that the retention of jobs and more specific call center functions in the long term are something Verizon can not speculate on.

BOARD DISCUSSION

After reviewing the Petition and supporting exhibits, the Board HEREBY FINDS that VNJ and the Buyer have complied with all statutory and regulatory requirements regarding the sale of utility property as contained in N.J.A.C. 14:1-5.6 and N.J.S.A. 48:3-7. The Board FURTHER FINDS that there is no nexus between the sale of Property and Rate Counsel's suggested conditions. The Board agrees with Verizon's position that the retention of jobs and more specific call center functions in the long term are something Verizon can not speculate on.

In view of the foregoing, the Board HEREBY FINDS that the proposed sale of said Property will not affect Petitioner's ability to provide safe, adequate and proper service, is in the public interest and in accordance with law, and accordingly HEREBY APPROVES the sale, subject to the following conditions:

Petitioner is directed to advise the Board of the date on which the transaction is completed, within ten (10) days of completion;

This Order shall be of no effect, null and void, if the sale hereby approved is not completed within six (6) months of the date hereof unless otherwise ordered by the Board; and

The approval of the proposed journal entries recording the sale of this Property 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 proceeding with respect to rates, financing, accounting, capitalization, depreciation or in any other matters affecting Petitioner.

DATED: 9/16/09

BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

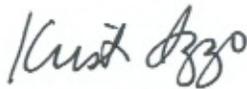


NICHOLAS ASSELTA
COMMISSIONER



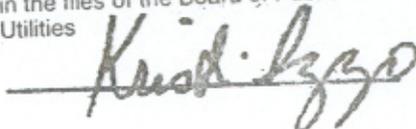
ELIZABETH RANDALL
COMMISSIONER

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 Sale and Conveyance of Real Property Located in the Borough of
Madison, Morris County, New Jersey, to Hampshire Global Partners L.L.C.**

Docket No. TM09070552

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