



Agenda Date: 1/23/03
Agenda Item: 2B

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us*

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC & GAS COMPANY)
FOR APPROVAL OF THE SALE AND CONVEYANCE)
OF PROPERTIES KNOWN AS BLOCK 138, LOTS 2)
AND 5.02; BLOCK 140, LOTS 3, 12 AND 13; AND)
BLOCK 137.01, LOT 3.02, AS WELL AS A SALE AND)
CONVEYANCE OF A NON-EXCLUSIVE FIFTY-FOOT)
EASEMENT WITHIN BLOCK 139, LOT 8.01, ALL)
WITHIN THE TOWNSHIP OF BORDENTOWN,)
COUNTY OF BURLINGTON AND STATE OF)
NEW JERSEY, TO TRANSCONTINENTAL)
GAS PIPELINE CORPORATION FOR THE)
SUM OF \$1,850,000.)

ENERGY

ORDER

DKT. NO. GM02100773

(SERVICE LIST ATTACHED)

BY THE BOARD:

On October 21, 2002, Public Service Electric & Gas Company ("PSE&G" or "Company") petitioned the Board, pursuant to N.J.A.C. 14:1-5.6, for approval of the sale and conveyance of properties ("Properties"), and the sale and conveyance of a non-exclusive fifty-foot easement ("Easement"), all in the Township of Bordentown, to Transcontinental Gas Pipeline Corporation ("Transco") for the sum of \$1,850,000.

The Properties are located in the southwestern section of Bordentown, in an area that is vacant, rural farmland, and include the following: Block 138, Lot 2 comprises 12.2 acres with a frontage of 349 feet along the south side of State Highway 130. Block 138, Lot 5.02 consists of 11.3 acres with a frontage of 350 feet along the north side of Bordentown-Hedding Road. Block 137.01, Lot 3.02 consists of 8.4 acres with a frontage of 350 feet along the south side of Bordentown-Hedding Road. Block 139, Lot 8.01 comprises of 8.4 acres with a frontage of about 1,242 feet along the north side of State Highway 130 and 1,307 feet along the south side of Burlington-Bordentown Road. Block 140, Lot 3 consists of 15 acres with a frontage of about 386 feet along the north side of Burlington-Bordentown Road. Block 140, Lots 12 and 13, include approximately 4.6 acres.

The Easement is to be permanent to accommodate the installation of a 20-inch diameter natural gas pipeline by Transco. Transco will operate and maintain the pipeline facility in connection with the Market Link Expansion Pipeline Project in New Jersey approved by the Federal Energy Regulatory Commission ("FERC").

PSE&G had acquired the Properties between 1971 and 1974 for the purpose of electric transmission line rights-of-way. The Properties, whose actual acquisition cost was \$334,207.16, have a book value of \$364,823.80. PSE&G has been paying all the carrying charges including taxes. The Properties were appraised at \$1,846,000, in May of 2002 by Martin Appraisal Associates of Lawrenceville, New Jersey.

Upon advertising, PSE&G received two bids. One from Conectiv Mid-Merit, Inc. ("Conectiv") for \$2,000,000, and one from Transco for \$1,850,000. Although the price of \$1,850,000 was not the highest offer received by PSE&G, it was accepted for the following reasons:

- Transco's bid was for the purchase of approximately 52 acres of property and a 50-foot wide easement "as is";
- Conectiv's bid was for 52 acres of property and a 200-foot wide easement. In addition, Conectiv's bid was conditioned on the "execution of a mutually acceptable agreement of sale with appropriate contingencies";
- Conectiv's bid was higher because it sought an easement of 200 feet, four times wider than Transco's bid; and
- As an interstate natural gas pipeline utility, Transco can invoke the power of eminent domain under federal law in conjunction with its Market Link Project.

On October 7, 2002, the Company entered into a sale contract ("Contract") with Transco. According to the Contract, PSE&G will retain its management and maintenance rights of the right-of-way throughout the Properties. Thus, the sale and conveyance of these Properties and of this Easement will not compromise the Company's ability to provide safe, adequate, and proper utility service to its customers.

As of the date of this Order, the Board has not received any comments from the Ratepayer Advocate on this matter.

Based upon the foregoing, and a review of the record in this matter, the Board HEREBY FINDS:

- 1) This sale of the Properties and the Easement is in compliance with all applicable rules and regulations.
- 2) The sale price of the Properties and the Easement represent fair market value.
- 3) PSE&G will retain its management and maintenance rights of the electric transmission line rights-of-way.
- 4) PSE&G's ability to provide safe, adequate, and proper utility service to its customers will not be affected.

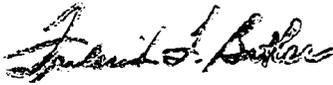
After a review of the Petition, the Board FINDS that the sale of the Properties and the Easement is reasonable and that the public interest will not be adversely affected. Therefore, the Board HEREBY APPROVES PSE&G's sale of the Properties and Easement as described herein, to Transco.

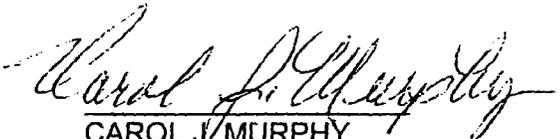
This Order shall not affect or in any way limit the exercise of the authority of this Board to revisit the issues related to ratemaking treatment of this transaction in the Company's pending rate proceeding. The proposed form of journal entry is for accounting purposes only.

DATED: 1/23/03

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CAROL J. MURPHY
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC & GAS COMPANY FOR APPROVAL OF THE SALE AND CONVEYANCE OF PROPERTIES KNOWN AS BLOCK 138, LOTS 2 AND 5.02; BLOCK 140, LOTS 3, 12 AND 13; AND BLOCK 137.01, LOT 3.02, AS WELL AS A SALE AND CONVEYANCE OF A NON-EXCLUSIVE FIFTY-FOOT EASEMENT WITHIN BLOCK 139, LOT 8.01, ALL WITHIN THE TOWNSHIP OF BORDENTOWN, COUNTY OF BURLINGTON AND STATE OF NEW JERSEY, TO TRANSCONTINENTAL GAS PIPELINE CORPORATION FOR THE SUM OF \$1,850,000

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