



Agenda Date: 4/15/15
Agenda Item: 2G

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF THE SALE AND CONVEYANCE OF)
REAL PROPERTY LOCATED ON 9 LARIKAT LANE,)
SPARTA, NEW JERSEY WITH A MUNICIPAL TAX MAP)
DESIGNATION OF BLOCK 1003 LOT 45, IN THE)
BOROUGH OF SPARTA, COUNTY OF SUSSEX,)
STATE OF NEW JERSEY, TO ACHILLE AND LINDA)
GAETANO FOR THE SUM OF \$600,000)

ORDER APPROVING SALE
OF REAL PROPERTY

DOCKET NO. EM15020244

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
David Richter, Esq., Public Service Electric and Gas Company

BY THE BOARD¹:

On February 20, 2015, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the Board, pursuant to N.J.A.C. 14:1-5.6, seeking approval of a Contract for Sale and Conveyance of Real Estate ("Contract") of the real property ("Property"), located in Sparta, Sussex County, New Jersey, to Achille and Linda Gaetano ("Purchaser") for the sum of \$600,000.00. Additionally, PSE&G is requesting the Board to grant a waiver of the requirement to advertise this property pursuant to N.J.A.C. 14:1-5.6 (i)7. A copy of the petition was served upon the Division of Rate Counsel ("Rate Counsel").

The Property is situated at 9 Larikat Lane, and is referred to as Lot 45, Block 1003 on the official municipal tax map. Larikat Lane in Sparta Township is a residential cul-de-sac with single family residential development. Due to its unique location, the road was the only access PSE&G could use to construct the new Hopatcong Switching Station (the "Station") which was part of the Susquehanna-Roseland Project ("the Project"). In connection with meeting the in-service date for the construction of the Project, which is required to ensure continued reliable electric utility service, the Board approved the Company's request for exemption from local land

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

use regulation for construction of the Project in April 2010. See In The Matter of the Petition of Public Service Electric and Gas Company for a Determination Pursuant to the Provisions of N.J.S.A. 40:55d-19 (Susquehanna – Roseland Transmission Line), BPU Docket No. EM09010035, (Order dated April 21, 2010), affirmed, 2013 N.J. Super. Unpub. LEXIS 304 (App. Div. 2013).

PSE&G acquired 4 and 6 Larikat Lane in order to access the location of the Station. Due to the use of heavy construction vehicles along Larikat Lane which sometimes blocked ingress and egress to the family residing at 9 Larikat Lane, PSE&G acquired that Property as well. The purchase of the Property was also discussed with Board Staff. Board Staff had the opportunity to conduct several site visits to the Property during the course of construction of the nearby substation. It was communicated throughout construction that the Property would be sold once the Project was completed. The Project has been completed, the substation is operational and the Property is now no longer used and useful for utility purposes. The Company notes in its filing that PSE&G's ability to provide safe, adequate and reliable service will not be compromised as the Property is a single family home that has never had any utility operations located thereon.

On September 2, 2014, PSE&G listed the Property in the Multiple Listing Service ("MLS") and has been actively marketing the Property using a residential real estate broker. On February 19, 2015, PSE&G signed a Contract for the Sale of Real Estate with Achille and Linda Gaetano. Pursuant to the terms of the Contract, the purchase price is \$600,000.

In January 23, 2015, an independent appraisal set the fair market value of the Property at \$560,000. Due to the Purchaser pending sale on its current residential home, the closing has been scheduled for March 26, 2015, conditioned upon approval by the Board.

Recognizing the timeframes for residential real estate sales, PSE&G requested an expedited approval from the Board. Additionally, the Company is requesting that the Board to grant a waiver of the requirement to advertise this property pursuant to N.J.A.C. 14:1-5.6 (i)7 due to the following:

- a. the waiver shall not adversely affect the public interest because PSE&G is requesting to sell a residential property;
- b. the Property has never been used and useful for utility purposes;
- c. there is no prospective use of the Property for utility purposes since it currently is occupied by a residential home and is located in a residential zoning district;
- d. the sale price exceeds the fair market value, as set forth in the appraisal;
- e. there is no relationship between Purchaser and PSE&G other than prospective buyer and seller;
- f. given its unique character as a residential single family home, in order to fully market the Property and acquire the most value the Property was listed through a MLS listing with a residential broker; and
- g. advertising and bidding will likely not result in a purchase price as opposed to listing the property through MLS with a residential broker.

By correspondence dated March 31, 2015, Rate Counsel provided that it does not object to the sale of the Property or to the waiver for advertisement. However, Rate Counsel reserved the right to examine the ratemaking and accounting treatment of the transaction in the context of the Company's next base rate case or other appropriate proceeding. Rate Counsel also requests that approval of the petition include certain conditions including notification of any material changes to the Contract of Sale; the right to review all costs and proceeds of the sale in another appropriate proceeding and a statement that this Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceedings.

DISCUSSION AND FINDINGS

Recognizing the unique situation surrounding the Company's need to sell residential property acquired to facilitate transmission construction associated with the Susquehanna-Roseland Project and the competitive nature of the residential real estate sales process, as well as the expeditious nature of the process, the Board **HEREBY APPROVES** the Company's request for a waiver of the requirement to advertise this property pursuant to N.J.A.C. 14:1-5.6 (i)7.

After careful review and consideration of the petition and attachments submitted in this matter, the Board **HEREBY FINDS** that the sale of the Property by PSE&G to the Purchaser will not adversely affect the public interest and will not affect the Company's ability to render safe, adequate and reliable service. Accordingly, the Board **HEREBY APPROVES** the Contract for sale of the Property to the Buyer in the amount of \$600,000, with the net gain being credited to ratepayers through an offset to PSE&G's Susquehanna-Roseland Project.

The approval granted hereinabove shall be subject to the following provisions:

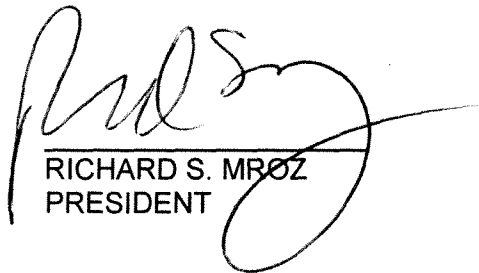
1. This Order is based upon the specific and particular facts of this transaction and shall not have precedential value in future land transactions that may come before the Board and shall not be relied on as such.
2. PSE&G shall notify the Board and Rate Counsel if it anticipates any material changes in the contract for sale of the Property.
3. The Board and Rate Counsel retain all rights to review all costs and proceeds related to the purchase of and sale of the Property in PSE&G's next base rate case or other appropriate proceeding.
4. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting PSE&G.
5. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets or liabilities now owned or hereafter to be owned by the Petitioner.

6. Within thirty (30) days of the date of the closing on this transaction, the Petitioner shall file with the Board proof of the closing, net transaction costs, and final journal entries along with a detailed calculation, including selling expenses, of the sale.

This Order shall be effective on April 25, 2015.

DATED: 4/15/15

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MRÓZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER

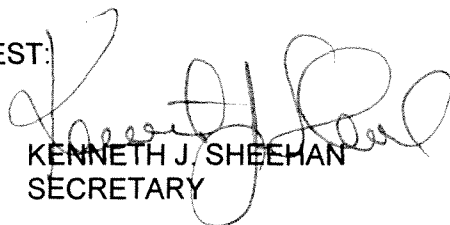


MARY-ANNA HOLDEN
COMMISSIONER



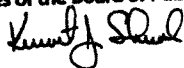
DIANNE SOLOMON
COMMISSIONER

ATTEST:



KENNETH J. SHEEHAN
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 AND GAS COMPANY
FOR APPROVAL OF THE SALE AND CONVEYANCE OF REAL PROPERTY LOCATED ON 9
LARIKAT LANE, SPARTA, NEW JERSEY WITH A MUNICIPAL TAX MAP DESIGNATION OF
BLOCK 1003 LOT 45, IN THE BOROUGH OF SPARTA, COUNTY OF SUSSEX, STATE OF
NEW JERSEY, TO ACHILLE AND LINDA GAETANO FOR THE SUM OF \$600,000

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