



Agenda Date: 12/12/16
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)	ORDER APPROVING SALE
SERVICE ELECTRIC AND GAS COMPANY FOR)	OF REAL PROPERTY
APPROVAL OF THE SALE AND CONVEYANCE OF)	
REAL PROPERTY LOCATED ON 6 LARIKAT LANE,)	
SPARTA, NEW JERSEY WITH A MUNICIPAL TAX MAP)	
DESIGNATION OF BLOCK 1003 LOT 41, F/K/A BLOCK)	
15 LOT 11,15 IN THE TOWNSHIP OF SPARTA,)	
COUNTY OF SUSSEX AND STATE OF NEW JERSEY,)	
TO MILSA CERPA, JULIO ODRIOZOLO AND AURORA)	
OBLITAS FOR THE SUM OF \$519,000)	DOCKET NO. EM16111084

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 BOARD:

On November 16, 2016, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("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 Milsa Cerpa, Julio Odriozolo and Aurora Oblitas ("Purchasers") for the sum of \$519,000.00. Additionally, PSE&G is requesting the Board to grant a waiver of the requirement to advertise the Property pursuant to N.J.A.C. 14:1-5.6 (i)7. A copy of the petition was served upon the New Jersey Division of Rate Counsel ("Rate Counsel").

The Property is situated at 6 Larikat Lane, and is referred to as Lot 41, Block 1003 on the official municipal tax map. Larikat Lane in Sparta Township is a residential cul-de-sac with single family homes. Due to its location, the road was the only viable access PSE&G could use to construct the new Hopatcong Switching Station (the "Station") which was part of the Susquehanna-Roseland Project (the "Project"). The Board approved the Company's request for exemption from local land use regulation for construction of the Project in April 2010 finding that the Project was reasonably necessary for the service, convenience or welfare of the public. 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).

According to the petition, PSE&G acquired 4 and 6 Larikat Lane to access the Station site during construction, and built an access road between the two (2) properties. The Project has been completed, the Station 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. PSE&G will reserve an approximately 206 square foot access easement on the Property as its permanent access to the Station.

According to the petition, on March 11, 2015, 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 September 27, 2016, PSE&G signed the Contract with the Purchasers at a purchase price of \$519,000. PSE&G submitted a September 20, 2016 independent appraisal that set the fair market value of the Property at \$500,000.

PSE&G has requested an expedited approval from the Board so that it can timely close the sale of the Property. Additionally, the Company is requesting that the Board grant a waiver of the requirement to advertise this property pursuant to N.J.A.C. 14:1-5.6 (i)7 representing 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 or 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. There is no relationship between the Purchasers and PSE&G (or any other PSEG Company) other than prospective buyer and seller;
- e. 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
- f. Advertising and bidding will likely not result in a purchase price.

PSE&G will credit the proceeds from the sale of the Property to the Project as an offset to construction costs. As the Company has been paying carrying costs on the Property of approximately \$2,877.00 per month, the sale of the Property will eliminate these expenditures.

By correspondence dated November 30, 2016, Rate Counsel stated that it does not object to the sale of the Property or to the waiver of advertising. However, Rate Counsel requests that approval of the petition include certain conditions, which are incorporated herein.

DISCUSSION AND FINDINGS

Recognizing the unique situation surrounding the Company's need to sell residential property acquired to facilitate transmission construction associated with the Project, and the competitive nature of the residential real estate sales process, as well as the time sensitive 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 additional information 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. The selling price exceeds the appraised fair market value, the sale of the Property will reduce the Company's costs by eliminating the need for continued payment of taxes and maintenance on the Property and the Company retains an easement needed for access to the Station which will be recorded and run with the land in perpetuity. Accordingly, the Board **HEREBY APPROVES** the Contract for sale of the Property to the Purchasers in the amount of \$519,000, with the net proceeds to be credited to ratepayers through an offset to the costs of PSE&G's Susquehanna-Roseland Project.

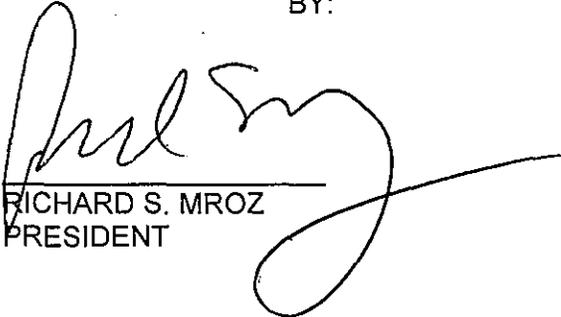
The approval granted herein is subject to the following provisions:

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 Company.
6. Within thirty (30) days of the date of the closing on this transaction, the Company 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 December 22, 2016.

DATED: 12/12/16

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



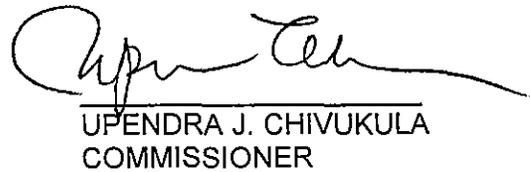
JOSEPH L. FIORDALISO
COMMISSIONER



MARYANNA HOLDEN
COMMISSIONER

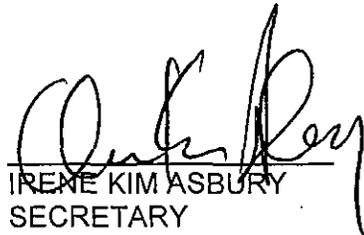


DIANNE SOLOMON
COMMISSIONER



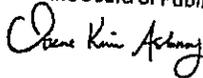
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
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 6
LARIKAT LANE, SPARTA, NEW JERSEY WITH A MUNICIPAL TAX MAP DESIGNATION OF
BLOCK 1003 LOT 41, F/K/A BLOCK 15 LOT 11,15, IN THE BOROUGH OF SPARTA,
COUNTY OF SUSSEX AND STATE OF NEW JERSEY, TO MILSA CERPA, JULIO
ODRIOZOLO AND AURORA OBLITAS FOR THE SUM OF \$519,000

DOCKET NO. EM16111084

SERVICE LIST

David Richter, Esq.
Public Service Electric and Gas Company
80 Park Plaza-T5G
Newark, NJ 07102
david.richter@pseg.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Brian Weeks, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
bweeks@rpa.state.nj.us

Geoffrey Gersten, Esq.
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
geoffrey.gersten@dol.lps.state.nj.us

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
irene.asbury@bpu.nj.us

Thomas Walker, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
thomas.walker@bpu.nj.gov

John Masiello
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
john.masiello@bpu.nj.gov

Bethany Rocque-Romaine, Esq.
Office of the Chief Counsel
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
bethany.romaine@bpu.nj.gov

Megan Lupo, Esq.
Office of the Chief Counsel
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
megan.lupo@bpu.nj.gov