



Agenda Date: 3/18/26
Agenda Item: 3B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENGINEERING

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF THE SALE OF PERSONAL)
PROPERTY KNOWN AS A STEEL 12" GAS)
PIPELINE BEGINNING AT KINDER MORGAN)
TERMINAL IN TAX BLOCK 602, LOT 2, IN)
CARTERET, NEW JERSEY AND RUNNING)
THROUGH VARIOUS LOTS IN THE BOROUGH OF)
CARTERET, NEW JERSEY AND THE CITY OF)
LINDEN, NEW JERSEY, TERMINATING AT A POINT)
IN TAX BLOCK 587, LOT 19, LINDEN, NEW JERSEY) DOCKET NO. GM25060357

Parties of Record:

Jacob Skaist, Esq., Public Service Electric and Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") considers a petition for approval of the sale and conveyance of a steel 12" gas pipeline ("Pipeline") owned by Public Service Electric and Gas Company ("PSE&G" or "Company") that runs between Kinder Morgan Liquids Terminals LLC ("Buyer") in tax block 602, lot 2, in Carteret, New Jersey, and ends at tax block 587, lot 19, in Linden, New Jersey, for a total sale amount of \$650,000 ("Petition").

THE PETITION

On June 16, 2025, PSE&G filed the Petition with the Board, pursuant to N.J.S.A. 48:3-7 and N.J.A.C. 14:1-5-6, for approval of the sale and conveyance of the PSE&G-owned Pipeline that runs between tax block 602, lot 2, in Carteret, New Jersey, and ends at tax block 587, lot 19, in Linden, New Jersey, for a total sale amount of \$650,000.

According to the Petition, the Pipeline was built in the 1940s by another operator and was purchased by PSE&G in 1975 as part of a larger pipeline system. The Pipeline was retired by PSE&G in 1989 as it had no use for distribution purposes. The Pipeline was then leased to the Buyer from 1993 to 2019 as an oil pipeline. At the expiration of lease, the Pipeline was capped off and inerted by the Buyer.

In support of its Petition, PSE&G included an independent third-party appraisal from Nationwide Consulting Company Inc. that concluded, if fully functional, the Pipeline would be valued at \$1,680,000. The Buyer also independently evaluated the Pipeline and found that to be fully functional, it would require approximately \$1 million in repair costs. Therefore, PSE&G and the Buyer agreed the sale price would be \$650,000, which reflected the appraised value minus the estimated repair cost.

The Company requested 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 due to the following:

- a. The Pipeline serves no present or future use to PSE&G;
- b. The proposed transaction is unusual in that the location of the Pipeline is already located at Kinder Morgan's Carteret Terminal;
- c. The existence of another bona fide pipeline company having a same need for the Pipeline in the same location is unlikely;
- d. Advertising and bidding will likely not result in a higher purchase price; and
- e. There is no relationship between PSE&G and Buyer other than as prospective seller and buyer, respectively.

RATE COUNSEL COMMENTS

By correspondence dated January 26, 2026, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments on the Petition. In its comments, Rate Counsel stated that it does not object to the sale of the Property or to the waiver for advertisement. Rate Counsel raised concerns regarding the valuation process/appraisal. Rate Counsel argued that the repair costs were estimated by the Buyer who is incentivized to undervalue the property. Rate Counsel stated that the purported evaluation which the Company relied on provides little detail and was described as a "high level summary of the required repairs." Rate Counsel expressed concern that the Buyer's estimated costs of repairs and maintenance was taken at face value. Rate Counsel argued that absent thoughtful analysis, the Board and Rate Counsel cannot ensure that the sale price is in ratepayers' best interests.

In addition, Rate Counsel stated that simply subtracting the repair costs from its appraiser's estimate of market value is not an accurate way to arrive at fair market value. Rate Counsel asserted that if the appraiser was given information regarding the status of the Pipeline it may have changed the appraiser's highest and best use conclusion and therefore the final valuation estimate. Rate Counsel noted that PSE&G's appraiser estimated that the fair market value of the property interest, i.e. the Right of Way without any improvements at \$950,000, forty-six percent (46%) greater than the purchase price. Rate Counsel argued that, without an accurate appraisal based on all relevant information regarding the property or advertised bidding, it is difficult to determine if the sale price is in ratepayers' best interests.

Rate Counsel reserved the right to review the rate impact and prudence of the costs and sale price in the next base rate case proceeding. In addition, Rate Counsel respectfully asked the Board to consider the following conditions for approval:

1. PSE&G shall notify the Board and Rate Counsel if it anticipates any material changes in the terms of the agreement to transfer the Pipeline;
2. Rate Counsel retains all rights to review all costs and proceeds related to the purchase, sale and ownership of the Pipeline, and the allocation of the net gain of the sale between shareholders and ratepayers in a base rate case or other appropriate proceeding; and
3. Approval of the sale does not imply any position as to the prudence of the costs and proceeds related to the purchase, sale and ownership of Pipeline, or the allocation of the net gain of the sale between shareholders and ratepayers.

DISCUSSION AND FINDINGS

After careful review and consideration of the Petition and attachments submitted in this matter, the Board **HEREBY FINDS** that the sale of the Pipeline 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.

Recognizing the unique situation of the Pipeline, the Company's desire to sell the Pipeline, and the unlikely existence of other bona fide purchasers, 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). Accordingly, the Board **HEREBY APPROVES** the contract for sale of the Pipeline to the Buyer in the amount of \$650,000.

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 property 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 Pipeline.
3. The Board and Rate Counsel retain all rights to review all costs and proceeds related to the purchase of and sale of the Pipeline 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.
- 7. Approval of the sale does not imply any position as to the prudence of the costs and proceeds related to the purchase, sale and ownership of the Pipeline, or the allocation of the net gain of the sale between shareholders and ratepayers.

The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any action determined to be appropriate as a result of any such audit.

This Order shall be effective March 25, 2026.

DATED: March 18, 2026

BOARD OF PUBLIC UTILITIES
BY:



CHRISTINE GUHL-SABOV
PRESIDENT



DR. ZENON CHRISTODOULOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER



EMMA REBORN
COMMISSIONER



JOSEPH COVIELLO
COMMISSIONER

ATTEST:



SHERRIL L. LEWIS
BOARD 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 OF PERSONAL PROPERTY KNOWN AS A STEEL 12" GAS PIPELINE BEGINNING AT KINDER MORGAN TERMINAL IN TAX BLOCK 602, LOT 2, IN CARTERET, NEW JERSEY AND RUNNING THROUGH VARIOUS LOTS IN THE BOROUGH OF CARTERET, NEW JERSEY AND THE CITY OF LINDEN, NEW JERSEY, TERMINATING AT A POINT IN TAX BLOCK 587, LOT 19, LINDEN, NEW JERSEY

DOCKET NO. GM25060357

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