



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://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 )  
TOWNSHIP OF CHERRY HILL, CAMDEN )  
COUNTY, NEW JERSEY TO ROUTE 70, LLC )     ORDER OF APPROVAL  
  
DOCKET NO. TM13070609

**Parties of Record:**

**Sidney D. Weiss, Esq.**, on behalf of Petitioner  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On July 1, 2013, Verizon New Jersey Inc. ("Petitioner" or "VNJ") filed an application ("Petition") for approval of the sale and conveyance of real property located in the Township of Cherry Hill, Camden County, New Jersey ("Property") to Route 70, LLC, for a consideration of \$426,666.00. Petitioner also requested a waiver of the Board's advertising requirement under N.J.A.C. 14:1-5.6 (i). 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 two story, 29,090 square foot building on approximately 2.80 +/- acres of land, and was acquired in January 24, 1992, at a purchase price of \$1,050,000.00. Improvements subsequent to the purchase, consisting of the original building and other internal and external improvements, including various repairs to mechanical systems such as the boiler, general repair to the roof, gates and interior renovations projects to add functionality to suit the needs of the business were valued at a total cost of approximately \$800,000.00. The Property was originally acquired for the Petitioner's garage work center, which has since been closed. The employees at this location were relocated to other garages owned or leased by the Petitioner. The book value of the Property is \$878,340.00. The Property is not income producing, and its 2013 assessed value is \$1,216,000.00.

In June, 2011, Petitioner determined that, subject to the aforementioned relocation of personnel and the reservations as described below, the Property is not required for any present or prospective utility purposes. On April 15, 2013, Petitioner obtained an appraisal of the Property from Cushman and Wakefield of Pennsylvania Inc., which determined that the market value of the Property as of April 15, 2013, was \$ 375,000.00.

The Petition states that the Property had been advertised twice in a newspaper in February, 2013. In response to the advertisement, three (3) bids were received with the highest bid from Tri-Plex Holdings in the amount of \$405,000.00. The bidders were later asked for their highest and best offers, in which two higher offers were received in the amount \$426,666.00 from the Buyer, Route 70, LLC, and \$475,000.00 from Tri-Plex Holdings. Petitioner initially accepted the higher offer of Tri-Plex Holdings in the amount \$475,000.00. However, after that bid was withdrawn during contract negotiations, Petitioner accepted the next highest bid of \$426,666.00 from Route 70, LLC. Petitioner did not re-advertise the Property prior to the second round of bidding as required by the Board's advertising regulations under N.J.A.C. 14:1-5.6(b). For this reason, Petitioner has requested a waiver of the Board's advertising rule.

Petitioner acknowledged that the Board determined in its Order, dated March 22, 2006, I/M/O the Application of Verizon New Jersey Inc. for the Approval of the Sale and Conveyance of Real Property Located in the City of Jersey City, Hudson County, New Jersey to Kennedy Business Center, LLC (Docket No. TM05100861) that such procedure required either re-advertisement of the Property or a waiver of the Board's Rules under N.J.A.C. 14:1-5.6 (i). Petitioner argues that, notwithstanding the Board's directive in Jersey City, Petitioner does not believe the process is improper where, as here, the process produces a purchase price higher than the bids received in connection with the earlier bidding process and higher than the appraised value of the Property, and thus, the intent and purpose of Board's regulation to secure the best price obtainable is furthered rather than violated. Petitioner, accordingly, requests a waiver of the Board's regulations. Petitioner further states that there is nothing in the Board's Rules that expressly or by implication prohibit negotiation of a higher price after the bids are received or from contacting the bidders for that purpose. All parties submitting bids were given an opportunity to participate in the process so there is no prejudice to any party.

Pursuant to the Sale Agreement, the Petitioner is not reserving rights and interests in the Property except the permanent and perpetual right to place, replace, construct, install, operate, use, repair, maintain and relocate and remove existing and future telecommunications facilities in, over, under and through the streets adjoining the Property.

The Petitioner noted that the Property was previously marketed in 2011, which resulted in a proposed sale to Thomas Hatzis, which was approved by Board Order, dated December 15, 2011. I/M/O the Application of Verizon New Jersey Inc. for the Approval of the Sale and Conveyance of Real Property Located in the Township of Cherry Hill, New Jersey to Thomas Hatzis (Docket No. TM11100760). However, such sale was never consummated and Petitioner so advised the Board by letter, dated June 13, 2012. The buyer terminated the contract of sale due to environmental issues that arose during the potential buyer's due diligence investigation involving a neighboring property, which the buyer feared would adversely affect the value and its proposed use of the Property.

On July 10, 2013, the Division of Rate Counsel ("Rate Counsel") filed a letter, indicating that they will not be filing comments for Board consideration on this matter.

## **DISCUSSION**

The Board agrees with VNJ's position that the fact that the Property was previously advertised and that the competitive bidding process produced a bid that the petitioner accepted as the best achievable market price and that the negotiations with the three bidders without any further advertisement of the Property has no adverse impact on the final outcome.

A waiver of the advertising requirements of N.J.A.C. 14:1-5.6(b) is appropriate as the waiver will not adversely affect the public interest, the property is no longer used or useful, there is no prospective utility purpose, the sale will not affect the ability of the utility to provide safe, adequate and proper service, the selling price represents a fair market value, there is no relationship between buyer and seller, and the nature of the prior advertising and subsequent re-bidding renders advertising unnecessary in this particular situation. Because the negotiations followed prior advertised bids, the Board believes that the intent of the regulation has been sufficiently met to warrant a waiver.

In view of the foregoing, the Board **FINDS** that the proposed sale of said Property will not affect the Petitioner's ability to provide safe, adequate and proper service, is in the public interest and in accordance with law, The Board **FURTHER FINDS** that a waiver of the advertising requirements is appropriate. Accordingly, the Board **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 effective date of this Order, 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.

This Order shall be effective on September 3, 2013.


DATED: 8/13  
August 21, 2013


BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

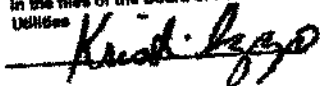
  
MARYANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
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 Application of Verizon New Jersey Inc. for Approval of the Sale and  
Conveyance of Real Property Located in the Township of Cherry Hill, Camden County,  
New Jersey, to Route 70, L.L.C.**

**Docket No. TM13070609**

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