



Agenda Date: 10/28/21
Agenda Item: 2B

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/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)	ORDER APPROVING AMENDED
SERVICE ELECTRIC AND GAS COMPANY FOR)	CONTRACT FOR SALE OF REAL
APPROVAL OF THE SALE AND CONVEYANCE)	PROPERTY
OF REAL PROPERTY LOCATED AT 248)	
STICKLES POND ROAD, WITH A MUNICIPAL TAX)	
MAP DESIGNATION OF BLOCK 151, LOTS 21)	
AND 21Q0028, 210 IN THE TOWNSHIP OF)	
ANDOVER, COUNTY OF SUSSEX AND STATE OF)	
NEW JERSEY TO SERIES 2, P.S., A SEPARATE)	
SERIES OF BBIS INVESTMENT 767, LLC, A)	
DELAWARE LIMITED LIABILITY COMPANY FOR)	
THE SUM OF \$2,000,000.00)	DOCKET NO. EM19091002

Parties of Record:

Ana J. Murteira, Esq., Public Service Electric and Gas Company
Brian O. Lipman, Esq., Acting Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On September 4, 2019, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval of a Contract for Sale and Conveyance of Real Estate (“Contract”) of certain property in the Township of Andover, New Jersey (“Property”) to Series 2, P.S., A Separate Series of BBIS Investment 767, LLC (“Buyer”) for \$2,000,000 (“Petition”). The Petition was filed pursuant to N.J.A.C. 14:1-5.6.

The Property consists of approximately 100 acres of land which contains three (3) residential dwellings, an airplane hangar, garages, and sheds. PSE&G originally purchased the Property in 2012 for the sum total of \$3,500,000 as part of the Susquehanna-Roseland electric transmission project.

By appraisal dated June 17, 2019, the fair market value of the Property was determined to be \$993,000. Additionally, the Property was assessed at a value of \$839,500 in the municipal tax assessment records. PSE&G advertised the Property for sale in May 2019, but received no bids

other than the bid of the Buyer. As part of the Contract, the Buyer was required to obtain governmental approvals for its intended development of the Property within 12 months from the expiration of the inspection period.

By Order dated December 20, 2019, the Board approved the Contract.¹ At the time of closing, PSE&G intended to record a deed restriction on the Property that will run with the land, perpetually prohibiting its use as a public or private airport or for any other aeronautical use. After executing four (4) amendments to the Contract which extended the inspection period, the Buyer's inspection period ultimately ended on August 25, 2020. As such, the Buyer was required to obtain its governmental approvals by August 25, 2021.

FIFTH AMENDMENT TO THE CONTRACT

By correspondence dated August 16, 2021, PSE&G provided notification to the Board that the parties had executed a fifth amendment to the Contract ("Fifth Amendment"). According to the Company, the Buyer was unsuccessful in obtaining governmental approvals for its intended development of the Property. Rather than terminating the transaction, however, the Buyer offered to move forward with the purchase of the Property, subject to two (2) substantial modifications to the Contract: 1) the sales price will be reduced from \$2,000,000 to \$1,200,000; and 2) the Buyer will waive all governmental approvals relating to its purchase of the Property and move immediately to closing. Additionally, the Fifth Amendment set forth that the closing date shall occur on the 30th day from the date of approval by the Board.

According to PSE&G, the proposed sales price of \$1,200,000 remains the highest offer received, and will allow PSE&G to close expeditiously without expending additional costs to once again market and continue to maintain the Property. Accordingly, PSE&G opted to proceed with the transaction and requested Board approval of the Fifth Amendment.

Rate Counsel Comments

On September 22, 2021, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments in this matter indicating that it did not object to the Fifth Amendment to the Contract. Rate Counsel Comments at 3. However, Rate Counsel recommended that the Board require PSE&G to resume marketing the Property with the intention of obtaining a higher sales price if the closing of the transaction does not occur by the date specified in the Fifth Amendment. Id. Rate Counsel also requested that any Order approving the Fifth Amendment require PSE&G to meet certain additional conditions. Id. at 4-5.

DISCUSSION AND FINDINGS

After careful review and consideration of the record in this matter, including the Contract, the December 2019 Order, the Fifth Amendment, and comments, the Board **HEREBY AFFIRMS** that the sale of the Property 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 proper service, as previously

¹ In re the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Sale and Conveyance of Real Property Located at 248 Stickle Pond Road, with a Municipal Tax Map Designation of Block 151, Lots 21 And 21Q0028, in the Township of Andover, County of Sussex and State of New Jersey to Series 2, P.S., a Separate Series of BBIS Investment 767, LLC, a Delaware Limited Liability Company for the Sum of \$2,000,000.00, BPU Docket No. EM19091002, Order dated December 20, 2019 ("December 2019 Order").

determined in the December 2019 Order. Further, the sale of the Property will reduce PSE&G's costs by eliminating the need for continued payment of carrying charges on the Property.

Although the Fifth Amendment will result in a significant reduction to the sales price of the Property, as initially approved in the December 2019 Order, the Board **HEREBY FINDS** that the proposed sales price represents the fair market value of the Property, as it exceeds both the appraised value and assessed value of the Property. As noted above, PSE&G had previously advertised the Property for sale in May 2019, but received no bids other than the bid of the Buyer. Given the overall lack of interest from potential purchasers, the Board **HEREBY AGREES** that re-advertising the Property is unlikely to result in a higher purchase price. Additionally, the Board is **HEREBY SATISFIED** that the Fifth Amendment will allow PSE&G to expeditiously facilitate the sale of the Property without incurring additional costs to market and maintain the Property.

With respect to the correspondence submitted by Rate Counsel, the Board agrees that PSE&G should continue to market the Property if the closing on this transaction does not occur by the date specified in the Fifth Amendment. After the lengthy delays that have transpired since the December 2019 Order, the Board believes that this condition will help to mitigate any further postponements in the event that the sale of the Property does not proceed as expected. As such, the Board has incorporated this condition herein, as well as the additional conditions recommended by Rate Counsel, most of which were previously included in the December 2019 Order.

Accordingly, the Board **HEREBY APPROVES** the Fifth Amendment to the Contract for the sale of the Property by PSE&G to the Buyer in the amount of \$1,200,000, with the net proceeds being credited as an offset to the Susquehanna-Roseland electric transmission project.

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

1. PSE&G shall notify the Board and Rate Counsel if it anticipates any material changes in the terms of this transaction.
2. The Board and Rate Counsel retain all rights to review all costs and proceeds related to the acquisition, ownership, decommissioning, management, and sale of the Property in PSE&G's next base rate case or another appropriate proceeding.
3. The net proceeds from the sale be immediately credited as an offset to the costs of the Susquehanna-Roseland transmission project.
4. Approval of the sale or the Fifth Amendment does not include or imply any position as to the prudence, recoverability or allocation of costs of acquiring, owning, decommissioning, managing, or selling the Property.
5. 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 proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting PSE&G.
6. Nothing in this this Order shall be construed to affect PSE&G's liability for Natural Resource Damages or other responsibilities or damages arising from its activities at any site or PSE&G's responsibilities or claims in any other matter arising from environmental investigation and remediation of any of its properties.

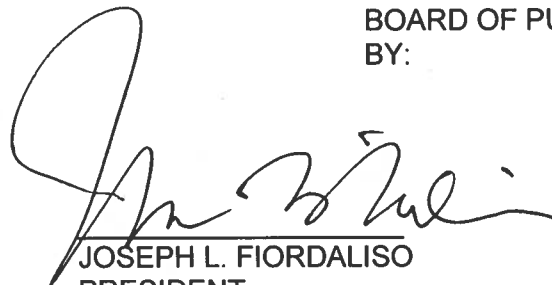
7. At the time of closing, PSE&G will record a deed restriction on the Property that will run with the land, perpetually prohibiting use of the Property as a public or private airport or for any other aeronautical use.
8. Within 30 days of the date of closing on this transaction, the Company shall file with the Board proof of the closing, copy of the recorded deed restriction, net transaction costs, and final journal entries along with a detailed calculation, including selling expenses, of the sale.
9. If the closing on this transaction does not occur by the 30th day from the effective date of this Order, as required by the Fifth Amendment, PSE&G shall continue to market the Property with the intention of obtaining a higher sales price.

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 actions determined to be appropriate as a result of any such audit.

This Order shall be effective on November 4, 2021.

DATED: 10/28/2021

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE SALE AND CONVEYANCE OF REAL PROPERTY LOCATED AT 248 STICKLES POND ROAD, WITH A MUNICIPAL TAX MAP DESIGNATION OF BLOCK 151, LOTS 21 AND 21Q0028, 210 IN THE TOWNSHIP OF ANDOVER, COUNTY OF SUSSEX AND STATE OF NEW JERSEY TO SERIES 2, P.S., A SEPARATE SERIES OF BBIS INVESTMENT 767, LLC, A DELAWARE LIMITED LIABILITY COMPANY FOR THE SUM OF \$2,000,000.00

DOCKET NO. EM19091002

SERVICE LIST

<p><u>PSE&G:</u> PSEG Services Corporation 80 Park Plaza, T5 Newark, NJ 07102-4194</p> <p>Ana J. Murteira, Esq. ana.murteira@pseg.com</p> <p>Robert Gardinor robert.gardinor@pseg.com</p> <p>Michele Falcao michele.falcao@pseg.com</p> <p>Lucrezia White lucrezia.white@pseg.com</p> <p><u>Rate Counsel:</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian Lipman, Esq., Acting Director blipman@rpa.nj.gov</p> <p>T. David Wand, Esq. dwand@rpa.nj.gov</p> <p>Brian Weeks, Esq. bweeks@rpa.nj.gov</p> <p>Debora Layugan dlayugan@rpa.nj.gov</p> <p>Tylise Hyman thyman@rpa.nj.gov</p>	<p><u>Board of Public Utilities:</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Board Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>David Brown david.brown@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p> <p><u>Division of Law:</u> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC pamela.owen@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p>
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