



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/

TELECOMMUNICATIONS

IN THE MATTER OF THE APPLICATION OF VERIZON)
NEW JERSEY, INC., FOR THE APPROVAL OF THE) ORDER OF APPROVAL
SALE AND CONVEYANCE OF REAL PROPERTY)
LOCATED IN THE TOWNSHIP OF TOMS RIVER,)
OCEAN COUNTY, NEW JERSEY TO NEXUS)
PROPERTIES INC.) DOCKET NO. TM11080495

Sidney D. Weiss, Esq., Attorney for Verizon New Jersey, Inc., Cedar Knolls, New Jersey
Christopher J. White, Esq., Division of Rate Counsel, Newark, New Jersey

BY THE BOARD:

On August 18, 2011, Verizon New Jersey Inc. ("Petitioner" or "VNJ") filed an application ("Petition") for approval of the sale and conveyance of real property ("Property") located in the Township of Toms River, Ocean County, New Jersey to Nexus Properties Inc. ("Buyer") for \$1,500,000.00. 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 33,860 square foot building on approximately 3.46+/- acres of land and was originally acquired on November 27, 1967, at a purchase price of \$313,000.00. Improvements to the Property subsequent to the purchase thereto consist of a total cost to date of \$4,090,373.00. The book value of the Property is \$2,081,479.00. The Property is not income producing, and its 2011 assessed value is \$2,700,000.00.

In or about January, 2011, Petitioner determined that upon the sale of the Property and subject to the post closing lease, the reservation of rights and interests, and easements and reservations as described in the sale agreement ("Agreement"), the property will not be required for any present or prospective use for utility purposes. The Property has been used as a site for Petitioner's Toms River District Service Center, and will cease to be used for such purposes.

On March 23, 2011, Petitioner obtained an appraisal of the Property from Cushman and Wakefield, which determined that the market value of the Property as of March 1, 2011, was \$2,100,000.00. On August 11, 2011, the above Appraisal was revised to a market value of \$1,500,000.00. The original appraisal was based on the assumption that the Buyer would be an owner/user rather than an investor.

The Petition states that the Property had been advertised on May 25, and June 11, 2011, at which time three bids were received and rejected by the Petitioner as being inadequate. At the request of the Petitioner original bidders were asked to revise their best offers. Nexus properties Inc.'s offer of \$1,500,000 was accepted by the Petitioner as the highest revised offer.

Pursuant to the sales agreement, Petitioner reserves its rights to a short term post closing leaseback of the Property extendable for a total period of one year, and easements to the Property for the purpose of providing and continuing telecommunications services. The details of these rights and easements are described in the Sale Agreement to the Petition.

Since the Property was not re-advertised after the rejection of the bids by Petitioner, Petitioner requested the Board waive its advertising rules under N.J.A.C. 14:1-5.6 (i). Petitioner relies on the Board's determination in its Order dated March 22, 2006, 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 City of Jersey City, Hudson County, New Jersey to Kennedy Business Center, LLC (Docket No. TM05100861) ("Jersey City Order") that such procedure requires either the re-advertisement of the Property for sale or the waiver of the Board's advertising rules under N.J.A.C. 14:1-5.6 (i).

Petitioner states that the Board's Rules regarding the sale of Property contemplate "the best achievable market price" (see Jersey City Order, supra, at p.3). In this case, Petitioner asserts that by asking all of the original bidders to submit their highest and best bid after all of the bids came in below the appraised value of the Property, Petitioner was able to increase the purchase price by \$32,950.00 over the previously submitted highest bid of \$1,467,950.00. Moreover, Petitioner states that the higher price is equal to the revised appraised value of the Property and that nothing in the Board's Rules expressly or implicitly prohibits negotiation of a higher price after bids are received, or from contacting bidders for that purpose. According to Petitioner, all original bidders were given the opportunity to offer their highest and best bid so that there might be no prejudice to any party. In addition, Petitioner relies on the Board's findings in the Jersey City Order that "[b]ecause the negotiations followed prior advertised bids, the Board believes the intent of the regulation has been sufficiently met to warrant a waiver." Id. at 4. Finally, Petitioner states its request is identical to that in the Jersey City matter where the Board found that a waiver was appropriate and would not adversely affect the public interest.

By letter dated August 25, 2011, the Division of Rate Counsel ("Rate Counsel") informed the Board that it will not be filing any comments in this matter.

DISCUSSION

After reviewing the Petition and supporting exhibits, the Board **HEREBY FINDS** that VNJ and the Buyer have complied with all statutory requirements regarding the sale of utility property as contained in N.J.A.C. 14:1-5.6 and N.J.S.A. 48:3-7.

In view of the foregoing, the Board **HEREBY FINDS** that the proposed sale of said Property will not affect Petitioner's ability to provide safe, adequate and proper service; is in the public interest; and, is in accordance with law. Accordingly, the Board **HEREBY APPROVES** the sale and **HEREBY Grants** the requested waiver, subject to the following conditions:

(i) Petitioner is directed to advise the Board of the date on which the transaction is completed, within ten (10) days of completion;

(ii) this Order shall be of no effect, null and void, if the sale hereby approved is not completed within six (6) months of the date hereof unless otherwise ordered by the Board; and

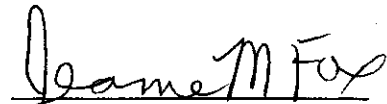
(iii) the approval of the proposed journal entries recording the sale of this Property shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceeding with respect to rates, financing, accounting, capitalization, depreciation or in any other matters affecting Petitioner.

This Order shall become effective upon the service thereof, in accordance with N.J.S.A. 48:2-40.


DATED: 10/13/11

BOARD OF PUBLIC UTILITIES
BY:

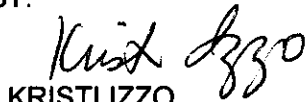

LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

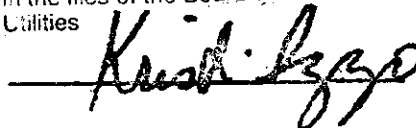

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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 Sale and Conveyance of Real Property Located in the Township of
Toms River, Ocean County, New Jersey, to Nexus Properties Inc.**

Docket No. TM11080495

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