



Agenda Date: 7/14/21
Agenda Item: 2D

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/

ENERGY

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 65 DUFFIELD)
AVENUE, WITH A MUNICIPAL TAX MAP)
DESIGNATION OF BLOCK 7402, LOT 15,)
QUALIFIER HM, IN THE CITY OF JERSEY CITY,)
COUNTY OF HUDSON AND STATE OF NEW)
JERSEY TO BPG ACQUISITIONS LLC, A LIMITED)
LIABILITY COMPANY FOR THE SUM OF)
\$7,100,000.00) ORDER APPROVING SALE
OF REAL PROPERTY

DOCKET NO. EM21030674

Parties of Record:

Ana J. Murteira, Esq., Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

PETITION

On March 25, 2021, 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.S.A. 48:3-7 and N.J.A.C. 14:1-5.6, seeking approval of a Contract for Sale and Conveyance of Real Estate (“Contract”) (“Petition”). In the Petition, PSE&G sought approval to sell a 4.20-acre parcel of vacant land (“Property”) in Jersey City, New Jersey to BPG Acquisitions LLC (“Buyer”) for the sum of \$7.1 million. PSE&G also requested a waiver of the requirement to advertise the Property for sale pursuant to N.J.A.C. 14:1-5.6(i).

The Property has been owned by PSE&G since the early 1900’s and, as noted in the Petition, is part of the Company’s Manufactured Gas Plant (“MGP”) properties known as “West End Gas Works.” The Company discontinued all operations on the Property following the cessation of gas manufacturing in approximately 1985. According to PSE&G, the Property has been environmentally remediated and is deed noticed as a permanent remedial measure for soil and groundwater contamination.

By appraisal dated January 2, 2020, the fair market value of the Property was determined to be \$5,670,000. Additionally, the assessed value of the Property is \$3,852,000 and the book value of the Property, as carried on the Company's books, is approximately \$47,306. In the Petition, PSE&G proposed to credit the net proceeds from the sale of the Property to the deferred Remediation Adjustment Charge ("RAC") balance.¹

According to the Petition, future use of the Property will be restricted due to the presence of contamination. However, PSE&G asserted that it will continue to maintain responsibility for any groundwater impacts that are attributable to the former West End Gas Works. As such, the Buyer will convey an easement to PSE&G at closing which will allow the Company to permanently access the Property to continue any additional remedial activities.

As noted in the Petition, PSE&G advertised the Property for sale on November 19, 2019 and November 30, 2019 in the Star Ledger newspaper. PSE&G received one (1) offer in response to these advertisements for \$5.7 million which was accepted by the Company. However, the bidder ultimately terminated the contract. Subsequently, PSE&G continued to market the Property with signage and through a real estate brokerage firm. After receiving several offers, PSE&G selected the Buyer's offer of \$7.1 million and the parties executed the Contract in January 2021.

As a result of the advertising and marketing efforts made by the Company, PSE&G requested that the Board grant a waiver of the requirement to advertise the Property pursuant to N.J.A.C 14:1-5.6(i). PSE&G submitted the following in support of its request:

- a. the waiver shall not adversely affect the public interest because PSE&G has advertised the Property as described above;
- b. there is no prospective use of the Property for utility purposes;
- c. there is no relationship between Buyer and PSE&G other than prospective buyer and seller;
- d. the sale of the Property shall not affect the ability to render safe, adequate and proper service;
- e. the selling price represents the fair market value of the Property to be sold based on a current independent appraisal; and
- f. re-advertising and bidding will likely not result in a higher purchase price.

Rate Counsel Comments

On May 19, 2021, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments in this matter indicating that it did not object to the sale of the Property.² Additionally, Rate Counsel recommended that the accounting for the remediation and non-remediation costs of the Property be reviewed in PSE&G's next RAC filing or other appropriate proceeding directed by the Board.³ Rate Counsel also recommended that the net proceeds from the sale of the Property be credited to ratepayers through the RAC or another appropriate mechanism directed

¹ According to the Petition, the net proceeds of the sale total \$6,732,515, which represents the purchase price less estimated costs of the sale, including transfer taxes and brokerage commission. Of this total, \$6,685,209 will be credited to the deferred RAC balance and \$47,306 will be credited to Account 101, which represents the original book cost of the land. (See Petition, Exhibit D-3).

² See Rate Counsel Comments at 8.

³ Id. at 8 to 9.

by the Board.⁴ Finally, Rate Counsel requested that approval of the sale of the Property be conditioned upon certain provisions, which are incorporated into this Order.⁵

DISCUSSION AND FINDINGS

After careful review and consideration of the Petition, exhibits, discovery, and comments submitted in this matter, the Board **HEREBY FINDS** 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 reliable service. The sale of the Property will reduce PSE&G's costs by eliminating the need for continued payment of carrying charges on the Property, and the Company will be granted an easement for potential future remediation. Additionally, the Board **HEREBY AGREES** that the purchase price represents the fair market value of the Property, as it exceeds both the appraised value and assessed value of the Property.

With respect to PSE&G's request for a waiver of the advertising requirements, the Board notes that the Company is required to advertise the Property for sale within 150 days immediately prior to the filing of the Petition pursuant to N.J.A.C. 14:1-5.6(b). As noted in the Petition, PSE&G advertised the Property for sale in November 2019, and received one (1) offer, which was accepted but ultimately terminated by the bidder. Although the Company subsequently located an alternative buyer, the statutorily required timeframe for advertising the Property had expired before the filing of the instant matter. Accordingly, PSE&G would need to re-advertise the Property in order to comply with the requirements of N.J.A.C. 14:1-5.6(b). Having considered the circumstances precipitating the sale of the Property, the Board is **HEREBY SATISFIED** that the Company made reasonable efforts to attain an appropriate sales price for the Property as detailed in the Petition. Additionally, the Board **HEREBY AGREES** that re-advertising the Property is unlikely to result in a higher purchase price. Therefore, the Board having found good cause, **HEREBY APPROVES** the Company's request for a waiver of the advertising requirements pursuant to N.J.A.C. 14:1-5.6(i).

Accordingly, the Board **HEREBY APPROVES** the Contract for the sale of the Property by PSE&G to the Buyer in the amount of \$7,100,000 with the net proceeds being credited to the deferred RAC balance.

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 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 terms of the sale of the Property.
3. The Board and Rate Counsel retain all rights to review all costs and proceeds related to the purchase, remediation, ownership and sale of the Property in PSE&G's next RAC filing or other appropriate proceeding.
4. Approval of the proposed sale of the Property does not include or imply any position as to the prudence, recoverability or allocation of PSE&G's costs to remediate the Property.

⁴ Id. at 9.

⁵ Id. at 9 to 10.

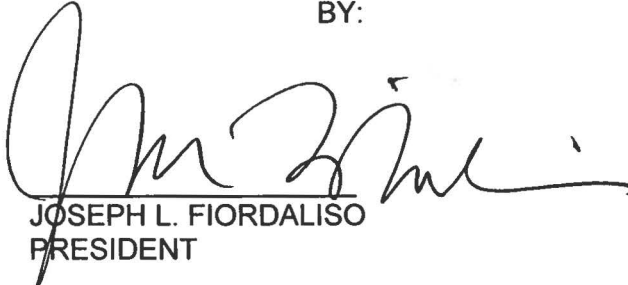
5. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future petition or in any proceeding with respect to properties, rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting PSE&G.
6. Nothing in 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 property it has owned or operated.
7. Within 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.

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 July 21, 2021.

DATED: 7/14/21

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 65 DUFFIELD AVENUE, WITH A MUNICIPAL TAX MAP DESIGNATION OF BLOCK 7402, LOT 15, QUALIFIER HM, IN THE CITY OF JERSEY CITY, COUNTY OF HUDSON AND STATE OF NEW JERSEY TO BPG ACQUISITIONS LLC, A LIMITED LIABILITY COMPANY FOR THE SUM OF \$7,100,000.00

DOCKET NO. EM21030674

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