



South Jersey Gas

Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

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BOARD OF PUBLIC UTILITIES
SECRETARY'S OFFICE

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BOARD OF PUBLIC UTILITIES

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January 9, 2018

(VIA E-FILING AND OVERNIGHT MAIL)

Irene Kim Asbury, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
PO Box 350
Trenton, NJ 08625-0350

GM18010026

Re: IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF THE SALE AND CONVEYANCE OF REAL PROPERTY WITH A MUNICIPAL TAX MAP DESIGNATION OF LOT 3, BLOCK 502 IN THE BOROUGH OF FOLSOM, ATLANTIC COUNTY, BPU Docket No. _____

Dear Secretary Asbury:

Enclosed please find an original and two (2) copies of South Jersey Gas Company's Petition pursuant to *N.J.A.C. 14:1-5.6* seeking approval to enter into an Agreement of Sale for the sale and conveyance of real property with a municipal tax map designation of Lot 3, Block 502 of the Borough of Folsom, County of Atlantic, New Jersey for the sum of \$580,000 to Joseph Shelli Properties LLC.

Should you have any questions concerning this filing, please do not hesitate to contact me directly.

CMS
LEGAL
DAG
RPA - LTR ONLY
ENERGY

Respectfully,

Stacy A. Mitchell

cc: Thomas Walker, BPU
Stacy Peterson, BPU
Stefanie A. Brand, Esq., Rate Counsel (2 copies)
Alex Moreau, DAG, Division of Law (2 copies)

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

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JAN 1 07 2013

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF THE SALE AND CONVEYANCE OF REAL PROPERTY WITH A MUNICIPAL TAX MAP DESIGNATION OF LOT 3, BLOCK 502 IN THE BOROUGH OF FOLSOM, ATLANTIC COUNTY	: : : : : : :	VERIFIED PETITION BPU Docket No. _____
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TO: THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES

South Jersey Gas Company ("SJG" or the "Company"), a public utility corporation of the State of New Jersey with its principal office at One South Jersey Plaza, Folsom, New Jersey, hereby petitions the New Jersey Board of Public Utilities ("Board"), pursuant to *N.J.A.C. 14:1-5.6*, for approval to enter into an Agreement of Sale for the sale and conveyance of real property with a municipal tax map designation of Lot 3, Block 502 of the Borough of Folsom, County of Atlantic, State of New Jersey (the "Property") for the sum of \$580,000 to Joseph Shelli Properties LLC ("Purchaser"). Additionally, SJG requests that the Board grant a waiver of the requirement to advertise the Property pursuant to *N.J.A.C. 14:1-5.6(i)*.

A. THE PROPERTY

1. SJG has agreed to sell the farm land surrounding its Folsom, NJ headquarters to Purchaser. Purchaser has leased and farmed the Property for over 20 years. A metes and bounds description of the Property and corresponding site map are attached hereto as Exhibit A.

2. In 2007, the Property, along with three adjacent lots was acquired by SJG for a total of \$578,671. Alone, the book value of the Property is approximately \$481,180.

3. Thereafter, as part of a Settlement Agreement between the New Jersey Department of Environmental Protection ("NJDEP") and SJG in March 2008, the Property

(including the three adjacent lots) was included in SJG's Remediation Adjustment Clause ("RAC") in settlement of NJDEP's claims against SJG for Natural Resource Damages ("NRD") arising out of SJG's legacy Manufactured Gas Plant ("MGP") operations. A copy of the Settlement Agreement is attached as Exhibit B.

4. As part of the Settlement Agreement, SJG further agreed to deed restrict the use of the Property to farming or other activity which preserved the conservation value of the land. No building or development is permitted on the Property. A copy of the Deed of Conservation Easement is attached as Exhibit C.

5. Under the terms of the Settlement Agreement, NJDEP maintained a right of first refusal on the Property. By email dated September 1, 2017, David Bean, NJDEP Bureau Chief, confirmed that NJDEP chose not to exercise its right of first refusal and that the conservation restriction shall remain on the Property following the proposed sale. A copy of the September 1, 2017 email is attached hereto as Exhibit D.

6. Currently, there is no rental income derived from the Property.

7. The Property is not now or prospectively required or useful for utility purposes.

8. Moreover, all proceeds from the sale of the Property will be applied as a credit to the RAC. The Company will receive no income from the proposed sale.

B. ADDITIONAL REQUIREMENTS OF N.J.A.C. 14:1-5.6

9. SJG proposes to sell the approximately 118-acre Property to Purchaser in consideration of \$580,000. A copy of the Agreement of Sale is attached as Exhibit E.

10. An appraisal of the Property was performed by Renwick & Associates on January 10, 2017. According to the Appraisal Report, the Property's assessed market value is \$476,000. A copy of the Appraisal Report is attached as Exhibit F.

11. On August 16, 2017, the Board of Directors of SJG unanimously authorized the sale of the Property. A copy of the Resolution of the Board of Directors of South Jersey Gas Company is attached as Exhibit G.

12. There is no existing relationship between SJG and Purchaser other than that of transferor/transferee, and lessor/lessee.

C. WAIVER OF *N.J.A.C. 14:1-5.6(i)*

13. Pursuant to the requirements of *N.J.A.C. 14:1-5.6 (i)*, where the Board's approval of a sale or lease is required, and the property has a "net book cost" or "fair market value" of more than \$500,000, the property shall be advertised for sale.

14. Neither the assessed value nor the booked value of the Property exceeds \$500,000. Therefore, the Company asserts that no advertising should be required.

15. Nevertheless, the purchase price exceeds \$500,000. Therefore, in the alternative, SJG respectfully requests a waiver from the advertising requirements based on the following:

- a. The waiver will not adversely affect the public interest;
- b. The Property is not used or useful for utility purposes;
- c. There is no prospective use of the Property for utility purposes due to the existing conservation deed restrictions;
- d. The purchase price exceeds the "fair market value" of the Property based on a current independent appraisal;
- e. There is no relationship between the parties but for transferor/transferee and lessor/lessee;
- f. The Property is unique in that its use is deed restricted to farming or similar operations only; and

- g. The Purchaser has farmed the Property for over 20 years and likely represents the only bona fide purchaser for the Property.

D. MISCELLANEOUS

16. Correspondence or communications with respect to this filing may be directed to:

Stacy A Mitchell, Esq.
Senior Director, Regulatory Affairs
South Jersey Gas Company
1 South Jersey Plaza
Folsom, NJ 08037
609-561-9000 (ext. 4364)
smitchell@sjindustries.com

17. The Company has served notice and two (2) copies of this Petition upon the Director, Division of Rate Counsel, 140 East Front Street -4th Floor, PO Box 003, Trenton New Jersey 08625. The Company has further served notice and two (2) copies of this Petition upon the Department of Law and Public Safety, Division of Law, 124 Halsey Street, PO Box 45029, Newark, New Jersey 07102.

WHEREFORE, the Company requests that the Board issue an Order:

1. Approving the Company's Agreement of Sale for the sale of the Property to Purchaser in the amount of \$580,000 with the nets proceeds to be credited to the RAC;
2. Approving the Company's request for a waiver of the requirements to advertise the Property pursuant to *N.J.A.C. 14:1-5.6(i)*; and

3. Grating such other relief as the Board deems just and reasonable.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY

By:


Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

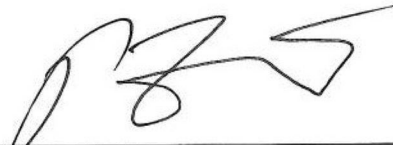
Dated: January 9, 2018

VERIFICATION

I, Paul Zuccarino, of full age, being duly sworn according to law, upon my oath, depose and say:

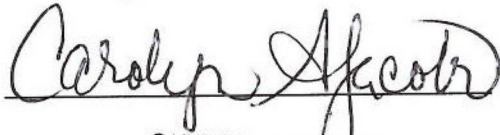
1. I am Senior Vice President and Chief Operations Officers for South Jersey Gas Company and I am authorized to make this verification on behalf of South Jersey Gas Company.

2. I have reviewed the within Petition and the information contained herein is true to the best of my knowledge, information and belief.



Paul Zuccarino

Sworn to and subscribed
before me this 9th day
of January, 2018.



CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2018