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CASE MANAGEMENT  
MAR 19 2019  
windelsmarx.com  
BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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March 19, 2019

**VIA HAND DELIVERY & ELECTRONIC MAIL**

Office of the Secretary  
Attn: Aida Camacho  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
3rd Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350

RECEIVED  
MAIL ROOM  
MAR 19 2019  
BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Re: **In the Matter of the Verified Petition of Jersey Central Power & Light Company For Approval of the Sale and Conveyance of Certain Portions of its Property in South Brunswick Township, Middlesex County, New Jersey and the Transfer of a Certain License in Connection Therewith Pursuant to N.J.S.A. 48:3-7 and N.J.A.C. 14:1-5.6.  
Docket No. EM19030357**

Dear Secretary:

On behalf of Jersey Central Power & Light Company (“JCP&L” or “Company”), enclosed for filing in the above-referenced matter is a Petition (original and 11 copies) requesting approval of the sale of certain property in South Brunswick Township, Middlesex County, New Jersey, (the “South Brunswick Property”) to BH of South Brunswick, LLC (“Buyer”) for a purchase price of \$7,500,018.

As explained in the Petition, the sale of the South Brunswick Property to the unaffiliated Buyer will not adversely affect the public interest, and will not compromise the ability of the Company to render safe, adequate and proper service to its customers. Because the sale is subject to the reservation of certain easements for utility use, the South Brunswick Property is otherwise no longer used or useful for utility purposes and the selling price represents the fair market value of the South Brunswick Property based on the results of a sealed bid process. The Company’s Petition further addresses all the required elements and factors as set forth in N.J.A.C. 14:1-5.6.

EMS  
Legal  
DTC  
RPA

S. Peterson  
ENERGY (5)

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Office of Secretary  
March 19, 2019  
Page 2

Therefore, the Company seeks the approval of the proposed sale by New Jersey Board of Public Utilities.

I hereby certify that two copies of the within Petition and Exhibits have this day been transmitted to Stephanie Brand, Esq., Director of the Division of Rate Counsel, via hand delivery. Kindly stamp one of the enclosed copies as "filed" and return to the undersigned using the enclosed self-addressed stamped envelope.

Thank you in advance for your cooperation.

Respectfully submitted,



Michael J. Connolly

MJC/km

cc: (w/enc.: Service List)

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED  
MAIL ROOM

MAR 19 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

\_\_\_\_\_  
In the Matter of the Verified Petition of **Jersey** :  
**Central Power & Light Company** For :  
Approval of the Sale and Conveyance of Certain :  
Portions of its Property in South Brunswick :  
Township, Middlesex County, New Jersey and :  
the Transfer of a Certain License in Connection :  
Therewith Pursuant to N.J.S.A. 48:3-7 and :  
N.J.A.C. 14:1-5.6. :

Docket No. \_\_\_\_\_

**VERIFIED PETITION**

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

Petitioner, Jersey Central Power & Light Company (“**JCP&L**” or the “**Company**”), an electric public utility subject to the regulatory jurisdiction of the New Jersey Board of Public Utilities (the “**Board**”), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962, and 101 Crawford Corner Rd. Building #1, Suite 1-511, Holmdel, New Jersey 07733, in support of the within Verified Petition, respectfully shows:

1. JCP&L is a New Jersey electric public utility primarily engaged in the purchase, transmission, distribution and sale of electric energy and related utility services to more than 1,000,000 residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.

**Summary of Relief Requested:**

2. By this Verified Petition, the Company seeks the Board’s approval, pursuant to N.J.S.A. 48:3-7 and N.J.A.C. 14:1-5.6, of JCP&L’s sale of 15.24 acres (designated as Block

21.01, Lot 38.01) in South Brunswick Township, Middlesex County, New Jersey, as hereinafter described (the "*South Brunswick Property*") upon the terms and conditions set forth in the purchase and sale agreement ("*PSA*") hereinafter described. The following appendices are provided in support of this Petition:

- a. Appendix A -- A copy of the property description of the South Brunswick Property, is provided as required by N.J.A.C. 14:1-5.6(a) 1.i;
- b. Appendix B - A copy of the PSA, as required by N.J.A.C. 14:1-5.6(a) 3 with certain attachments to be filed as a supplement to this Petition;
- c. Appendix C - A certified copy of the resolutions of the Company's Board of Directors authorizing the transfer of the Company's interest in the South Brunswick Property under the PSA is provided as required by N.J.A.C. 14:1-5.6(a) 4;
- d. Appendix D - A copy of the appraisal prepared by J. L. Guyer, Inc. dated September 15, 2018 will be provided in accordance with N.J.A.C. 14:1-5.6(a) 6 will be filed as a supplement to this Petition;
- e. Appendix E – Copies of proposed *pro forma* journal entries to record the transaction described herein as required by N.J.A.C. 14:1-5.6(a) 12 will be filed as a supplement to this Petition;
- f. Appendix F - **Reserved** - There is no mortgage on the South Brunswick Property. Accordingly, no description is necessary under N.J.A.C. 14:1-5.6(a) 14;
- g. Appendix G - A copy of the newspaper advertisement of the South Brunswick Property for sale (the "*Advertisement*") together with an affidavit of publication as required by N.J.A.C. 14:1-5.6(b), is attached hereto as required by N.J.A.C. 14:1-5.6(a) 15;
- h. Appendix H - A copy of a sample of the on-line web marketing materials provided or utilized by Ten-X (as defined below) is provided evidencing the additional advertising and marketing efforts of the Company in connection with the sale of the South Brunswick Property.

3. Based on the information, and for the reasons, set forth herein pursuant to N.J.S.A. 48:3-7 and N.J.A.C. 14:1-5.6, the Company represents that:

- a. The sale of the South Brunswick Property will not adversely affect the public interest;
- b. The South Brunswick Property, which, when sold and conveyed, will be subject to the reservation of certain easements for utility use, is no longer otherwise used or useful for utility purposes;
- c. The sale of the South Brunswick Property, which is subject to the reservation of a certain easements for utility use, will not compromise the ability of the Company to render safe, adequate and proper service to its customers;
- d. The selling price represents the fair market value of the South Brunswick Property to be sold based on the results of a scaled bid process that resulted in a selling price above the independent appraisal obtained by the Company; and
- e. There is no relationship between the Company and Buyer (as defined below), other than that of transferor and transferee.

#### **South Brunswick Property Background Information<sup>1</sup>**

4. The South Brunswick Property consists of 15.24 acres of land located at 351-369 Dean Rhode Hall Road, South Brunswick, New Jersey and designated as Block 21.01, Lot 38.01 on the official tax maps of the South Brunswick Township, Middlesex County, New Jersey (*See*, Appendix A for property description).

5. The South Brunswick Property was acquired on September 19, 1973 for Two Hundred Forty Thousand Dollars (\$240,000) for the purpose of siting, constructing, operating and maintaining a 500 kV transmission line on a portion thereof, which has been utilized continuously since approximately 1978 when construction began for such purposes.<sup>2</sup>

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<sup>1</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 5.

<sup>2</sup> The South Brunswick Property has been used by JCP&L exclusively for transmission purposes, except for a very small portion of the southeast corner of the South Brunswick Property, separate and distinct from the transmission easement area, accommodating two poles of a 2017 line extension constructed predominantly along a separate road right-of-way and used to provide service to a nearby customer.



### Summary of the Transaction:

6. JCP&L proposes, and seeks the Board's approval, to sell the South Brunswick Property to BH of South Brunswick, LLC (the "**Buyer**"), a New Jersey limited liability company, with a principal address of 295 Fifth Avenue, Suite 1106, New York, New York 10061.<sup>3</sup>

7. On December 7, 2018 the Company and Buyer entered into the PSA and related agreements providing for the sale of the South Brunswick Property to Buyer for Seven Million, Five Hundred Thousand, and Eighteen Dollars (\$7,500,018.00) ("**Purchase Price**") to be paid in immediately available funds at closing as further explained herein.

8. Under §2 of the PSA, the Buyer has made an earnest money deposit equal to ten percent (10%) of the Purchase Price in the amount of Seven Hundred Fifty Thousand and Eighteen Dollars (\$787,501.89) representing 10% of the Purchase Price. The balance of the Purchase Price will be due at closing.<sup>4</sup>

9. There is no other relationship between the Company and Buyer other than that of Seller and Buyer of the South Brunswick Property.<sup>5</sup>

10. The Purchase Price is considered fair market value based on the results of the robust marketing, advertising and sales process described below and is in excess of the appraised

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<sup>3</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 2.

<sup>4</sup> In addition to the Purchase Price, the Buyer is also responsible for the payment of a transaction fee in the amount of three hundred seventy-five thousand dollars and ninety cents (\$375,000.90) (the "**Transaction Fee**") payable to Ten-X, LLC ("**Ten-X**") in accordance with the terms of the Ten-X addendum, which is attached to the PSA as Exhibit B thereto. As discussed in ¶¶ 25 and 26 herein, Ten-X is a provider of online real estate marketing services, which JCP&L engaged to provide its on-line real estate marketing and sales expertise with respect to the proposed sale of the South Brunswick Property.

<sup>5</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 9.

value set forth in the appraisal to be provided as Appendix D hereto.<sup>6</sup>

11. At closing, JCP&L will also pay a five percent (5%) commission of Three Hundred Seventy-Five Thousand Dollars and Ninety Cents (\$375,000.90) to Avison Young for broker services rendered to JCP&L in connection with the planning and implementation of the sales process.

12. According to the Company's records, the actual cost of the South Brunswick Property at the date of acquisition in 1973 was Two Hundred Forty Thousand Dollars (\$240,000), which is the value used to calculate current net book value.

13. The South Brunswick Property is not income producing, except for the relatively minimal current income derived from a tree farm license agreement (the "*License Agreement*"), discussed in ¶ 23 below.

14. The Assessed Value and the annual taxes due in 2018 for the South Brunswick Property was as follows:<sup>7</sup>

Block 21.01, Lot 38.01: having an Assessed value of \$90,600 (comprised of \$77,400 for improvements, and \$13,200 for land) with Annual Taxes due and paid for 2018 in the amount of \$4,495.57;

15. Except as addressed by, and subject to, the reservation of easements and access rights, as described in ¶ 22 below, the Company's fee interest in the South Brunswick Property has been determined to be no longer used or useful for utility purposes. There is no prospective use of the South Brunswick Property for utility purposes and the sale of the South Brunswick Property, subject to the retained easements, will not affect JCP&L's ability to render safe, adequate and proper service to its customers. This determination was made by James V. Fakult,

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<sup>6</sup> This information will be provided as required by N.J.A.C. 14:1-5.6(a) 7.

<sup>7</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 10, 11, and 13.

the President of JCP&L after consultation with, and review and assessment by, the JCP&L and FirstEnergy Service Company engineering departments.<sup>8</sup>

16. The closing of the sale of the South Brunswick Property is not subject to the receipt of any other regulatory approvals besides that of the Board.

### **Terms of the Sale**

17. As indicated above, the PSA requires the Buyer to pay the Purchase Price in immediately available funds at closing.

18. As set forth in the PSA, the Company will convey to Buyer all of its right, title and interest in and to all of the land, appurtenant rights and any fixtures and improvements currently located thereon and constituting the South Brunswick Property excluding all electrical transmission and distribution facilities, which are subject to reserved easements.

19. Under the PSA, the Buyer was required to cause a designated title company to prepare and deliver to Buyer and Seller a commitment to issue a policy of title insurance with respect to the Property within certain time parameters and regarding the resolution of certain exceptions to title which are not acceptable to Buyer. PSA §3. The Buyer has satisfied this contingency of the PSA.

20. Under the PSA, the Buyer shall accept the South Brunswick Property in an "as-is-where-is" condition. §8(a).

21. The PSA also contains several contingencies, including the following:

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<sup>8</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 5. As the Board is aware, JCP&L and FirstEnergy Service Company are wholly-owned subsidiaries of FirstEnergy Corp. ("*FirstEnergy*") and part of the FirstEnergy holding company system. JCP&L receives services from FirstEnergy Service Company, the centralized service company affiliate within the FirstEnergy holding company system.



- a. The obligations under the PSA are also contingent upon obtaining written approval of the Company's Board of Directors (§6. (b)) and the approval of the Board (§6. (c)) provided, however, that if the Board has not approved or acted favorably upon the sale within one (1) year of the date the last party executed the PSA (*i.e.*, December 7, 2018), either party may terminate the PSA whereupon the earnest money will be returned with no further obligations between the parties.
- b. Under §7 (b) of the PSA, Buyer waives and releases JCP&L of and from any and all claims, which the Buyer may have with respect to the physical characteristics or condition of the Property, including, without limitation, liabilities under applicable environmental laws.
- c. Under §7 (c) of the PSA, Buyer acknowledges and agrees that the Purchase Price reflects the existence of electrical transmission lines on the South Brunswick Property.

22. Title shall be transferred to Buyer by a bargain and sale deed in the form attached to the PSA as Exhibit C thereto (the "*Deed*") subject to existing easements and encumbrances, including gas pipeline easements from the 1960s along the western border of the South Brunswick Property. The transfer is also subject to the Company's specific reservation of easements as set forth therein for all existing electrical transmission facilities, for the two-pole portion of an existing line extension on and over the southeast corner of the South Brunswick Property, and for future transmission, distribution and/or communications purposes as described in Schedule B to the Deed (the "*Easements*"). The Easements will include the right to clear cut any and all trees within said Easements prior to closing and the full authority and right, in its sole discretion, to trim, remove, clear, keep clear, and otherwise control any or all trees or vegetation adjacent to said right of way that, in the opinion of JCP&L, may interfere or threaten to interfere

with the construction, operation, maintenance, or repair of JCP&L's facilities or ingress or egress to, from, or along the Easements.

- a. The retained Easements are comprised of:
  - i. an exclusive 200 foot wide easement over the portion of the South Brunswick Property used to operate and maintain a 500 kV transmission line;
  - ii. a non-exclusive 15 foot wide easement along the southern border of the South Brunswick Property for future use, including for communication facilities that will support JCP&L's utility system operations, and for the two-pole portion of an existing line extension on and over a very small portion of the southeastern corner of the South Brunswick Property; and
  - iii. a non-exclusive 20 foot wide easement extending from a point along the southern border of the property and running in a northerly direction ending at, and including a 50 foot x 52 foot segment along the western portion of the South Brunswick Property for communication purposes that will support JCP&L's utility system operations.
- b. The Easements, which the Company will reserve and retain as part of the sale of the South Brunswick Property, will accommodate the continued operation and maintenance, and/or future development, installation, construction, maintenance and operation of utility facilities and operations.
- c. In addition, Buyer shall maintain a minimum clearance from the existing wires and tower legs as such clearances have been furnished to Buyer by JCP&L, and as required by applicable OSHA Federal Regulation Safety Codes.
- d. The Easements and rights reserved also include the right to erect, inspect, operate, replace, remove, protect, relocate, repair, patrol, add to, and permanently maintain upon, over, under and along the reserved rights-of-way across said premises all structures, wires, cables, anchors and other usual fixtures and appurtenances used

for or in connection with the transmission and distribution of electric current, and energy related services and any other services deemed necessary by JCP&L, including communication facilities.

23. Under §12.2 of the PSA, Buyer also takes subject to, and acknowledges, understands and agrees that there is an existing License Agreement with a term running through March 31, 2019 by and between JCP&L and its licensee. Under the License Agreement, the licensee maintains, patrols and uses the licensed area for general farming and nursery purposes. While there is a possibility that the License Agreement will be continued after March 31, 2019 on a mutually-agreed-upon basis until the closing of the sale of the South Brunswick Property no such arrangement has yet been finalized and entered into. See ¶ 13 above.

#### **Marketing, Advertising and Sales Process<sup>9</sup>**

24. In May of 2018, JCP&L generally engaged the services of Ten-X, which provides an online real estate transaction marketplace. Ten-X is headquartered in Irvine and Silicon Valley, Calif., and has offices in key markets nationwide.

25. In September of 2018, JCP&L more specifically engaged Ten-X to provide its on-line real estate marketing and sales expertise to attempt to maximize the pool of buyers and the sales price for the South Brunswick Property.

26. Beginning on October 5, 2018, Ten-X initiated a comprehensive marketing campaign, which, in addition to the Advertisement described below, included exposing the South Brunswick Property to a global audience via email, print, digital and onsite marketing, which

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<sup>9</sup> This information is provided as required by N.J.A.C. 14:1-5.6(a) 8.

included, among other things, the creation of a web-based marketing site (*See* Appendix H), direct mailers, national print brochures, e-mail blast campaigns, web marketing and additional advertisement placements to contact buyer and broker leads in the Ten-X database, and strategic listings with other on-line real estate marketing companies designed to reach a very broad and geographically diverse audience of potentially interested bidders. Ten-X reported that there were approximately 1,942 visitors to the property display page of the web-based marketing site and approximately 117 parties accessed the due diligence vault site (containing pertinent transaction, disclosure and related documents) during the marketing period.

27. In addition to the foregoing, "For Sale" signs were placed on the South Brunswick Property beginning on October 17, 2018.

28. The South Brunswick Property was also advertised for sale in the Advertisement (*See*, Appendix G for a copy of the Advertisement) via a sealed-bid auction process with the possibility of a later live on-line auction. The Advertisement was published on November 1, 2018 and again on November 8, 2018 in two daily newspapers (*i.e.*, the Home News Tribune and the Newark Star Ledger) published or circulated in Middlesex County where the South Brunswick Property is situated. (*See* Appendix G for copy of the Affidavit of Publication).

29. Both the Ten-X on-line marketing and the Advertisement described a sealed bid process with a due date for sealed bids of November 29, 2018. In addition, both the Advertisement and Ten-X's other marketing communications addressed the possibility of an on-line auction to take place on December 12, 2018 if the sealed bid process did not result in an executed PSA.

30. As advertised and marketed, JCP&L reserved the right to reject any or all bids with no obligation to accept any bid. The terms for prospective purchasers to participate in the

sealed bid process and, if necessary, the on-line auction process, including information regarding a transaction fee to be paid to Ten-X, were set forth in the on-line marketing materials and in the Advertisement.

31. Seven (7) sealed bids were received on or before 9 a.m. on November 6, 2017 at the offices of Avison Young, which served as JCP&L's broker, at 1120 Headquarters Plaza, North Tower, 8th Floor, NJ, Morristown, NJ 07960. The bids were opened (one at a time) promptly after 9:00 a.m. After review, the Company determined to: (i) accept the highest sealed bid as submitted by Buyer, and (ii) dispense with the on-line auction, which had been tentatively scheduled for December 12, 2018, by having Ten-X post an on-line auction cancellation notice to the web-based marketing site.

#### **JCP&L Contact Information**

32. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

**Michael J Connolly, Esq.  
Windels Marx Lane & Mittendorf, LLP  
1 Giralda Farms  
Madison, New Jersey 07940**

**- and -**

**Gregory Eisenstark, Esq.  
Windels Marx Lane & Mittendorf, LLP  
120 Albany Street Plaza  
New Brunswick, New Jersey 08901**

**- and -**

**Mark A. Mader  
James O'Toole  
Jersey Central Power & Light Company  
300 Madison Avenue  
Morristown, New Jersey 07962-1911**

**-and-**

**Lauren Lepkoski, Esq.  
FirstEnergy Service Company  
Legal Department  
2800 Pottsville Pike  
Reading, PA 19612-6001**

**-and-**

**James A. Meade, Esq.  
FirstEnergy Service Company  
Legal Department  
800 Cabin Hill Drive  
Greensburg, Pennsylvania 15601**

**WHEREFORE**, the Petitioner respectfully requests that the Board issue an Order (a) approving the sale of the South Brunswick Property to Buyer pursuant to N.J.S.A. 48:3-7 and N.J.A.C. 14:1-5.6, upon the terms and conditions set forth in the PSA attached hereto (Appendix B) and as otherwise describe herein, and (b) rendering such other and further relief as Board may deem just and equitable.

Respectfully submitted,

Dated: March 19, 2019

**WINDELS MARX LANE & MITTENDORF, LLP**  
Attorneys for Petitioner,  
**Jersey Central Power & Light Company**

By: 

Michael J. Connolly  
1 Giralda Farms  
Madison, New Jersey 07940  
(973) 966-3244

**AFFIDAVIT**  
**OF**  
**VERIFICATION**

**Mark A. Mader**, being duly sworn upon his oath, deposes and says:

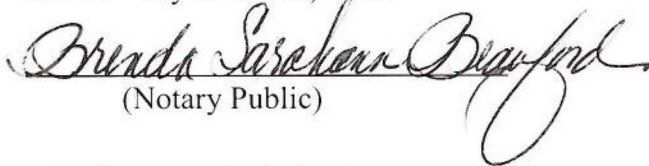
1. I am Director of Rates and Regulatory Affairs – New Jersey for Jersey Central Power & Light Company (“*JCP&L*”), the Petitioner named in the foregoing Verified Petition, and I am duly authorized to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition by JCP&L insofar as it relates to the sale and conveyance of the South Brunswick Property, and the granting and transfer of certain easements in connection therewith, to the Buyer, BH of South Brunswick, LLC, and I hereby verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information and belief.



Mark A. Mader

Sworn to and subscribed before me  
this 19<sup>th</sup> day of March, 2019.



(Notary Public)

<p style="text-align:center"><b>Brenda S Beauford</b> <b>Notary Public</b> <b>New Jersey</b> <b>My Commission Expires 11-1-2023</b> <b>No. 2306518</b></p>
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