

PRIVILEGED AND CONFIDENTIAL

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

_____ X
:
IN THE MATTER OF THE PETITION OF :
PUBLIC SERVICE ELECTRIC AND GAS :
COMPANY FOR A DETERMINATION :
PURSUANT TO THE PROVISIONS OF :
N.J.S.A. 40:55D-19 :
:
(SUSQUEHANNA-ROSELAND) :
:
BPU DOCKET NO. EM09010035
_____ X

STIPULATION OF SETTLEMENT BY AND BETWEEN
FREDON TOWNSHIP SCHOOL DISTRICT AND FREDON PALS, RESPONDENTS
AND PUBLIC SERVICE ELECTRIC AND GAS COMPANY, PETITIONER

This matter having been opened to the Board of Public Utilities ("BPU" or "Board") by Respondents, Fredon Township School District (Fredon Schools"), represented by Nathanya Simon, Esq., of the firm Schwartz, Simon, Edelstein, Celso and Zitomer; by Respondent Fredon Parents Against the Lines ("Fredon PALS") represented by Murray E. Bevan, of the firm Bevan, Mosca, Giuditta & Zarillo, P.C. (hereinafter Fredon Schools and Fredon PALS together referred to as the "Respondents"); and the Petitioner, Public Service Electric and Gas Company ("PSE&G" or "Petitioner") (collectively, "the Parties"), and;

It appearing that PSE&G is a corporation duly organized and existing under the laws of the State of New Jersey and is engaged principally in the transmission and distribution of electric energy and gas service in New Jersey and is seeking Board approval in this

docket, BPU Docket No. EM09010035, for a transmission upgrade consisting of a new 500 kV line known as the Susquehanna-Roseland Project ("the Project"); and

It appearing that Respondent Fredon Schools is a public body duly organized under the laws of the State of New Jersey charged with the oversight of the operations and management of the Fredon Township School, which has formally intervened in this matter; and

It appearing that Respondent Fredon PALS is a non-profit corporation established to protect the interests of the community surrounding the Fredon Township School and to promote public awareness of the proposed Susquehanna-Roseland power line; and

It appearing that the parties to this Stipulation of Settlement by way of negotiation have arrived at a proposed resolution of all issues in contention between them which is satisfactory to Respondents, Fredon Schools and Fredon PALS and Petitioner, PSE&G; and

It appearing that PSE&G has met with Peter Southway ("Southway"), owner of certain real property located adjacent to Fredon Elementary School in Fredon Township; and

It appearing that while Southway is not a party to this proceeding, he has agreed and consented in principle to the proposal set forth in this Stipulation of Settlement, which, as discussed more fully herein, would involve PSE&G negotiating with him for the acquisition of certain real property or rights thereto and which has been agreed upon by the Parties to this Stipulation; and

It appearing that PSE&G has met with the New Jersey Department of Agriculture-State Agriculture Development Committee and the Sussex

County Agricultural Development Board, who are responsible for promoting innovative approaches to maintaining the viability of agriculture in the State of New Jersey and the County of Sussex and whose cooperation and assistance is needed by Petitioner to accomplish the matters set forth herein; and

It appearing that while New Jersey Department of Agriculture-State Agriculture Development Committee and the Sussex County Agricultural Development Board are not parties to this proceeding, they have agreed and consented in principle to consider the proposal set forth in this Stipulation of Settlement, which, as discussed more fully herein, would involve PSE&G condemning the necessary property or rights thereto; and

The proposed route for the proposed Susquehanna-Roseland Project as would be modified pursuant hereto and as agreed to by the Parties is depicted on Attachment-1 to this Stipulation; and

The Parties hereto wishing to amicably resolve this matter as between them and further intending to waive any and all rights to appeal, challenge or otherwise contest the action of the Board in approving the proposed Project as would be modified pursuant hereto, and further wishing to memorialize the terms of this settlement pursuant to N.J.A.C. 1:1-19.1.

IT IS on this 14th day of September, 2009, STIPULATED AND AGREED by and between the parties hereto, Petitioner, Public Service Electric and Gas Company, and Respondents, Fredon Schools and Fredon PALS; and the representations having been made by Southway as to his consent to negotiate with Petitioner to acquire real property or rights thereto

and New Jersey Department of Agriculture-State Agriculture Development Committee and the Sussex County Agricultural Development Board as to their consent to consider the voluntary condemnation of certain farmland preservation property or rights thereto owned by Southway; and subject to the approval of the Board of Public Utilities except as indicated elsewhere in this Stipulation, as follows:

1. Subject to the conditions set forth below the construction of the Project adjacent to the Fredon Elementary School shall be as that set forth on Attachment-1. In accordance with Attachment-1, the Project adjacent to the Fredon Elementary School will be built on double-circuit transmission structures with the existing 230 kV line on the north side of the structures and the 500 kV line on the south side of the structures. The double circuit structures will have two sets of three phases arranged vertically on either side of the structure. Each set of phase wires comprises a circuit. The Parties understand and recognize that ordinarily the flow of power will be in the same direction for both circuits and that when power flow on both circuits is in the same direction (as will ordinarily be the case here) a "low reactance" (A B C - top to bottom on one circuit, C B A top to bottom on the other circuit) transmission line configuration will exist. The circuit phasing is shown in Figure 2 attached hereto. Additionally, PSE&G hereby commits that reverse phasing will be used on the portion of the Project in and around the Fredon Township School.

2. That the portion of the Project, as described on Attachment-1, shall be incorporated into and made a part of the entire route for

which approval is being sought by the Petitioner, Public Service Electric and Gas Company in the above-referenced proceeding.

3. The relocation of the Project as described on Attachment-1 is conditioned upon PSE&G acquiring a portion of property or rights owned by Southway. Although Southway has expressed to PSE&G a willingness to enter into negotiations for the purchase of the necessary portion of property or rights thereto, it is further understood and recognized by the Parties that the subject portion of property is "farmland preservation" property pursuant to the Agriculture Retention and Development Act, N.J.S.A. 4:1C-11 et seq. and, as such, will require Petitioner to file with the Board for the authority to exercise the power of eminent domain pursuant to N.J.S.A. 48:3-17.7 and N.J.A.C. 14:1-5.8 so that Petitioner may acquire the necessary portion of land or rights thereto.

4. Should the Board approve the Project, including the portion incorporated herein, PSE&G shall as soon as possible seek the Board's approval of its use of eminent domain to acquire the Southway Property or rights thereto and will request expedited treatment of its request. It is understood and recognized by the Parties that this eminent domain petition would be subject to the Board's jurisdiction and determination. The Parties also understand and recognize that PSE&G's actions under this Stipulation of Settlement in furtherance of what is proposed in Attachment-1 with respect to the Southway Property are contingent upon receipt of condemnation authority from the Board as well as any other required legal approvals. The Parties understand and recognize that PSE&G's ability to relocate the facilities as

described on Attachment-1 are contingent upon receipt of condemnation authority from the Board as well as any other required legal approvals. The Parties agree to abide by the final legal determination of the Board and/or courts of competent jurisdiction with respect to the acquisition of the Southway Property by eminent domain. Should PSE&G fail to acquire the Southway Property by eminent domain, the Parties understand and acknowledge that PSE&G shall construct the Project in the originally proposed location as set forth in the Petition filed on January 12, 2009.

5. PSE&G agrees to use its reasonable efforts to schedule with PJM an outage of the existing 230kV circuit so that construction of the Fredon Township portion of the Project occurs as soon as practicable. PSE&G hereby commits to providing Fredon Schools notice within ten (10) business days after the posting of the outage for construction of the Fredon Township portion of the Project on PJM's Open Access Same-Time Information System ("OASIS").

6. Should the Board approve the Project incorporating the design set forth on Attachment-1, absent emergency operational reasons or limited outages required for operational maintenance purposes and scheduled in accordance with PJM protocols and Tariff requirements, PSE&G hereby commits to operating the transmission lines in the rights-of-way located behind Fredon Elementary School as a double circuit transmission corridor and to providing Fredon Schools ninety (90) days notice if the corridor ever were to revert back to operating in the ordinary course of business as a single circuit transmission corridor. Additionally, PSE&G commits that the disconnect switches

and line termination equipment which will be installed at a switching station to be included as part of the Project and located in the Borough of Hopatcong will be designed with a rating of 3000 amps.

7. PSE&G further commits that PSE&G shall make payments in an aggregate amount up to \$950,000 to relocate recreation facilities and the parking area impacted by construction of the Project adjacent to the Fredon Township School and associated fees necessitated by this Project and incurred prior to execution of this Stipulation as discussed below. Within fifteen (15) days after receipt of the documentation set forth below, PSE&G shall pay the full amount set forth in the documentation to either Fredon Schools or Fredon PALS or as otherwise directed by the Respondents. PSE&G will only pay invoices in connection with the relocation of recreational facilities, parking areas and related items consistent with the scope of work attached hereto as Attachment-3 (the "Work") and documented professional fees necessitated and incurred because of this Project (the "Professional Fees").

8. In connection with the payment for incurred Professional Fees, Fredon Schools and Fredon PALS hereby commit to provide PSE&G with the documented invoices associated with any professional or other fees incurred as an intervener in this process. If receipts of costs cannot be provided, a detailed and documented affidavit of costs incurred must be provided. PSE&G shall only pay reasonable and prudent fair market costs for any fees associated with participation incurred by Fredon Schools and Fredon PALS in connection with their intervention and party status in this proceeding.

9. In connection with the payment for the Work, the Fredon Schools agree to submit to PSE&G invoices issued by the contractor hired by Fredon Schools to complete the Work. Fifteen (15) days after receipt of an invoice from the contractor indicating that a portion of the Work has been completed, PSE&G shall issue a check made payable to the Fredon Schools as payment for the Work set forth in the invoice until and up to a total payment of \$950,000 for the Work and Professional Fees.

10. If for any reason the Project fails to be approved by the Board, is canceled or is delayed, the Parties understand that all commitments that have not as of that point in time been satisfied shall cease and this Stipulation of Settlement shall from that point forward be null and void, except for the agreement by PSE&G to pay invoices for Work and Professional Fees up to \$950,000 which payments shall be made whether or not the Project is approved, cancelled or delayed.

11. The parties understand and acknowledge that the reasons for the relocation of the Project as described in Attachment-1 and for the payment by PSE&G of up to \$950,000 are as follows:

- (a) The relocation of the Project as described on Attachment-1 allows PSE&G to avoid sensitive wetlands;
- (b) The relocation of the Project as described on Attachment-1 allows PSE&G to mitigate construction impacts on the residence located in the existing right-of-way known as the Kamp House; and

- (c) The costs to ratepayers after construction as described on Attachment-1 will be approximately the same as the route proposed in PSE&G's petition filed on January 12, 2009.
- (d) The relocation of the recreational facilities will permit PSE&G to begin construction of the Project immediately once all necessary approvals have been obtained.

12. Petitioner and Respondents acknowledge and confirm that all issues between them with respect to the Project have been resolved. Petitioner and Respondents further acknowledge and confirm that this Stipulation in no way constitutes admission or acceptance of any of the underlying substantive issues raised by any of the Parties to this Stipulation.

13. Within five (5) business days of execution of this Stipulation of Settlement, Respondents hereby agree to withdraw from further participation in BPU Docket No. EM09010035 and to file a notice of withdrawal from the subject proceeding with the Board which, for Fredon Schools shall include, but not be limited to, withdrawal of its sponsorship of the pre-filed testimony of Martin Blank, Ph.D.

14. Fredon Schools shall provide certified copies of any and/or all Resolutions authorizing the execution of this Stipulation of Settlement within five (5) business days of execution of same.

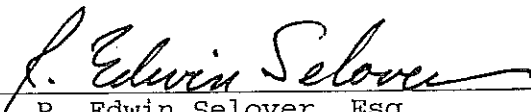
15. Upon execution of the Stipulation of Settlement by all parties, all issues as between the Petitioner, Public Service Electric and Gas Company, and the Respondents, Fredon Schools and Fredon PALS arising out of or connected with the matter filed under this Docket Number, shall be deemed resolved. Fredon Schools and Fredon PALS

hereby stipulate and agree that they are waiving all rights to oppose the Project in the press, in public meetings, in public discussions and in any and all other proceedings relating to this Project, including legislative initiatives, other siting approvals, rate proceedings, environmental or other permitting proceedings or other similar proceedings, whether before any Court or federal, state or local body or agency. In addition, Respondents agree to refrain from supporting, either directly or indirectly, any other interveners in this proceeding or in any and all other proceedings relating to this Project, including legislative initiatives, other siting approvals, rate proceedings, environmental or other permitting proceedings or other similar proceedings, whether before any Court or federal, state or local body or agency. Respondents further agree they are waiving all rights to file any appeal or to file any action in the Superior Court of the State of New Jersey, or any other Court of competent jurisdiction, to challenge or contest the Project and all other proceedings relating to this Project, including legislative initiatives, other siting approvals, rate proceedings, environmental or other permitting proceedings or other similar proceedings, whether before any federal, state or local body or agency. A violation of the terms this Paragraph by Fredon Schools and Fredon PALS shall relieve PSE&G from paying any future invoices and permit PSE&G to seek recovery of amounts previously paid under this Agreement.

16. This Stipulation of Settlement may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original; but such counterparts shall together constitute but one of the same instrument.

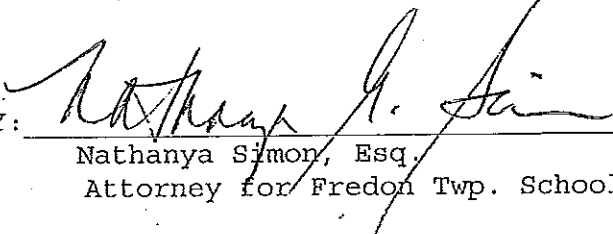
17. The parties shall keep the terms of this Settlement confidential to the extent permitted by law except as otherwise agreed to by the parties.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY,

BY: 
R. Edwin Selover, Esq.
Executive Vice President
and General Counsel

Dated: 9/10/09

SCHWARTZ, SIMON, EDELSTEIN, CELSO & ZITOMER

BY: 
Nathanya Simon, Esq.
Attorney for Fredon Twp. School District

Dated: 9/14/09

BEVAN, MOSCA, GIUDITTA & ZARILLO

BY: _____
Murray E. Bevan, Esq.
Attorney for Fredon PALS

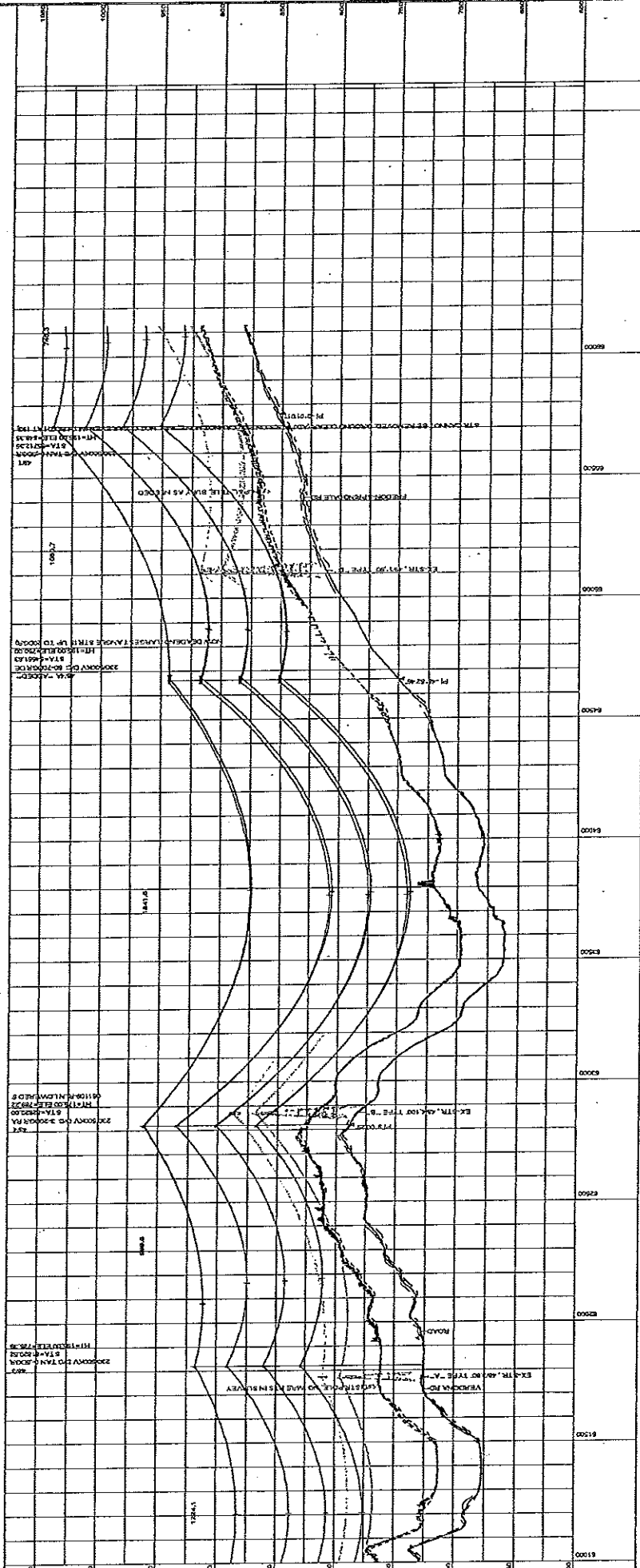
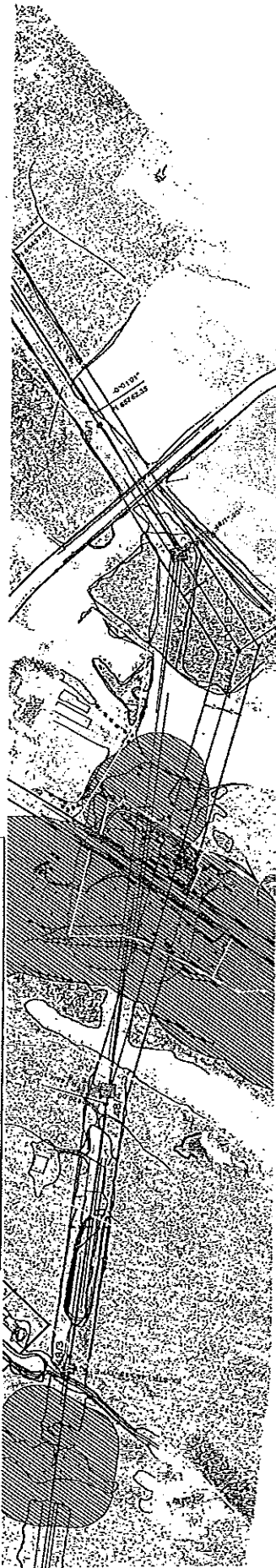
Dated:

ATTACHMENT-1

06/16/2009

ATTACHMENT 1

FREDON REROUTE LONGSPAN - 07/22/09



LEGEND

- WARRREN CO 144-RIP BUFFER
- SUBSISTENCE RIP BUFFER
- WETLAND BUFFER
- BUREAU OF LAND MANAGEMENT RIP BUFFER
- RIP BUFFER FOR TROUT
- PAULSON RIP BUFFER
- ACCESS ROAD

3000 FT. HORIZ. SCALE
400 FT. VERT. SCALE

PUBLIC SERVICE ELECTRIC & GAS CO.

230 KV TRANSMISSION LINES
ROSELAND - BUSHKILL (R-BK)
KITTATINNY - NEWTON SECTION

11/26/08; NOT ISSUED FOR CONSTRUCTION OR PROCUREMENT

SHEET 15

ATTACHMENT-2

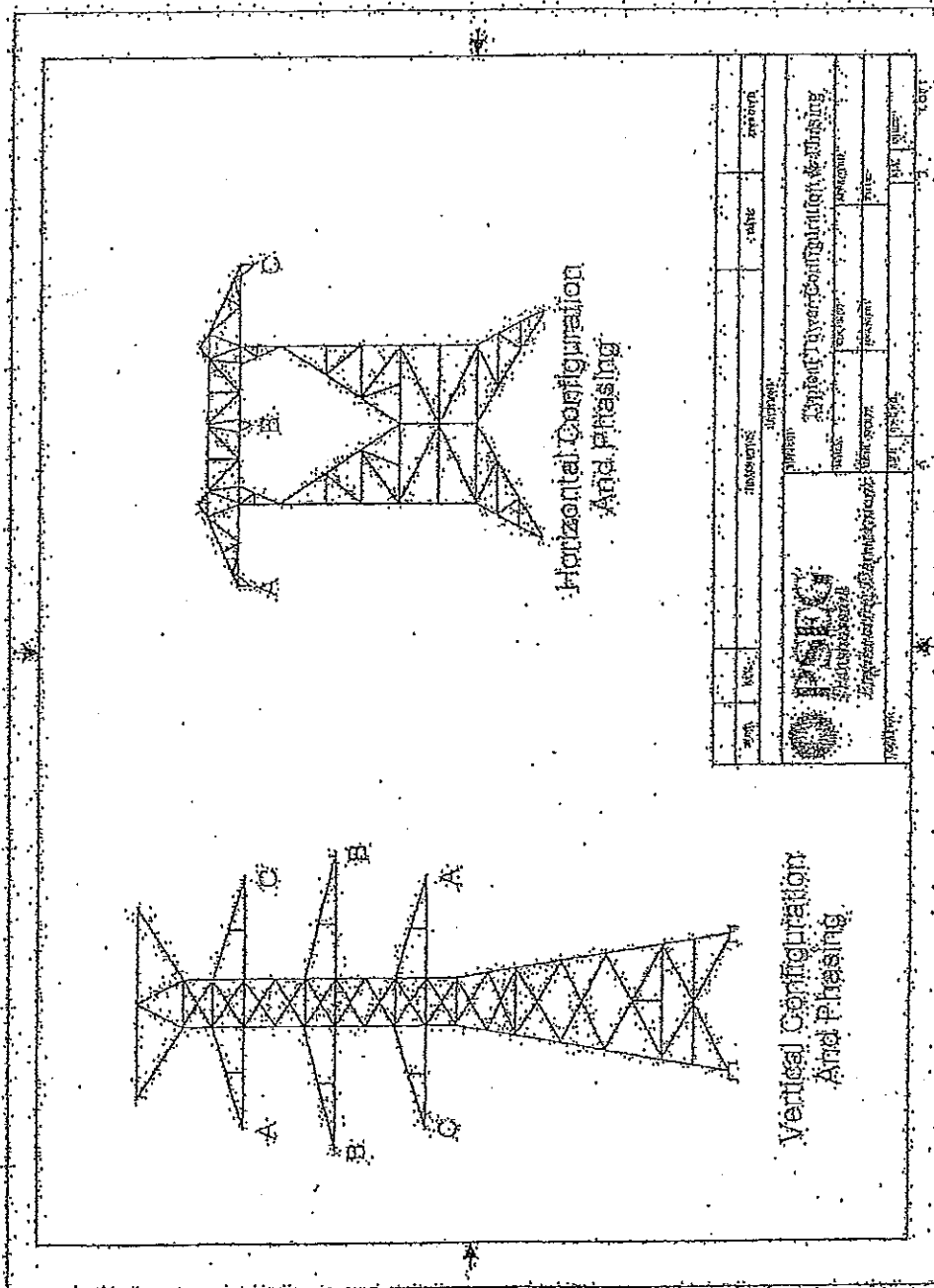


Figure 2 -- Existing and proposed circuit phasing.

ATTACHMENT-3

FREDON SCHOOL DISTRICT
 DESIGNER: THOMAS G. KNUTELSKY
 CONSTRUCTION MANAGER : EPIC

FREDON ELEMENTARY
 RELOCATE PLAY GROUND SUMMARY

REC'D DATE: 08/14/2009
 DRAWING DATE: 08/01/2009
 ESTIMATE DATE: 08/14/2009

DESCRIPTION	SUB TOTAL	SUB TOTAL	SUB TOTAL			
DIVISION 2 SITE WORK						
SITE						
SITE DEMO	80,644					
EARTHWORK						
LAY-OUT	20,000					
SITE PREP & EROSION	20,459					
		121,103	121,103			
SITE CUT FILL	37,208					
IMPORT	167,437					
ROUGH GRADE FINE GRADE	8,889					
		213,635	213,635			
PARKING & ROADS	165,558	165,558	165,558			
UTILITIES						
INCOMING SERVICE	EXISTING					
SITE LIGHTING	22,933	22,933				
WATER	EXISTING					
SANITARY SYSTEM						
PIPING	28,667					
SEPTIC FIELD	121,944	160,611				
STORM SYSTEM	83,588					
RETENTION	25,000	108,588				
PERIMETER DRAIN	N I C					
			282,132			
LANDSCAPE	12,652					
PLANTING	29,500					
MISCELLANEOUS SITE	54,418					
FENCING	6,900					
		103,470	103,470			
SITE ATHLETICS						
PLAY AREAS	9,260					
PLAY STRUCTURES	120,000					
		129,260	129,260			
				AE CONFIRM WHICH ARE RELOCATED		
SITE CONCRETE						
CURBS & WALKS	32,162					
WALKS	4,995					
PAVERS	18,525					
SITE RET WALLS	158,640					
STAIRS AND RAMP	4,200					
		218,522	218,522			
CONSTRUCTION YARD	2,500					
SITE FOUNDATION EXCAVATION	12,000					
		14,500	14,500			
SUBTOTAL SITE	1,248,080	1,248,080	1,248,080			
GC INDIRECT						
PERMIT						
BOND	1.00%	12,481				
OVERHEAD & PROFIT	6.00%	74,885				
DESIGN BUILD CONTINGENCY	6.00%	74,885				
ESTIMATING CONT, & ESC	10.00%	124,808				
			287,058			
SUBTOTAL GENERAL CONTRACTOR			1,535,138			