

BEFORE THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

Petition of Consolidated Edison Company of New York,
Inc. For Authority Under Section 70 of the Public Service
Law to Transfer Certain Property Located on the Verplanck
Peninsula in Cortlandt, New York

**PETITION OF CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC. FOR AUTHORITY UNDER
SECTION 70 OF THE PUBLIC SERVICE LAW**

June 10, 2015
New York, New York

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EXHIBITS

- Exhibit A Contract of Sale between Consolidated Edison Company of New York, Inc. and the Town of Cortlandt
- Exhibit B Information Required under Parts 18 and 31 of the Commission’s Rules and Regulations
- Exhibit C Short Environmental Assessment Form

AFFIDAVIT

Affidavit of Robert Muccilo, Vice President and Controller, Consolidated Edison Company of New York, Inc., Regarding Accounting Treatment of the Net Proceeds

Affidavit of Linda D. Puglisi, Supervisor of The Town of Cortlandt, New York

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I. OVERVIEW

1. Pursuant to Section 70 of the New York Public Service Law, Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”), requests authorization from the New York State Public Service Commission (the “Commission”) to transfer certain property, consisting of an aggregation of parcels totaling approximately ninety-nine (99) acres located on the Verplanck Peninsula in the Town of Cortlandt, New York (the “Property”), from Con Edison to the Town of Cortlandt (the “Town” or the “Purchaser”) for a purchase price of \$2,750,000.00. The terms and conditions under which Con Edison has agreed to transfer the Property to the Town are set forth in a Contract of Sale between Con Edison and the Town dated January 7, 2015 (the “Agreement”). A copy of the Agreement is provided as Exhibit A.
2. This proposed sale follows a competitive bidding process wherein the Town provided the only responsive bid. As the municipality with jurisdiction over the Property, the Town is in a unique position as Purchaser of the Property, given that the Property resides within multiple

zoning districts and the Town is exempt from local zoning laws, thus easing the ability to utilize the Property following the purchase.

3. The attached affidavit of Robert Muccilo, Vice President and Controller at Con Edison, outlines the proposed accounting for the transfer. The attached affidavit of Linda D. Puglisi, for the town of Cortlandt, describes the Town's planned use of the Property. This Petition and accompanying affidavits demonstrate that the transfer is in the public interest and should be approved by the Commission.

4. The information required to be presented under Parts 31 and 18 of the Commission's Rules and Regulations is set forth in Exhibit B hereto.

5. As detailed herein, the Company requests that the Commission issue a negative declaration of significance under the State Environmental Quality Review Act ("SEQRA").

6. Finally, Con Edison respectfully requests that the Commission act promptly on this Petition authorizing the transfer.

II. BACKGROUND

7. The Property is located on a peninsula bordered by the Hudson River in the hamlet of Verplanck, within the Town of Cortlandt. The Property is an aggregation of parcels purchased by Con Edison in 1961, 1974 and 1982 at an original cumulative book value of \$1,167,753. While the entire plot consists of approximately 121 acres, the Property to be transferred comprises a total of 99 acres, including a former quarry, and is currently classified as non-utility property. The Property was transferred from utility to nonutility property in July 2004 at the original book value.

8. Con Edison owns and operates two active transmission towers adjacent to the Property and associated transmission lines that cross the Property and the quarry.¹ The sale contemplates that Con Edison will retain a fee simple interest in the areas upon which the towers sit.²

Additionally, the Company will retain an easement across the quarry for the transmission lines and related access to the lines, as well as an easement for access to and maintenance of related ancillary distribution lines and facilities.

9. The pending sale to the Town is the result of a formal bidding process conducted by Con Edison. The Company established a webpage and posted the offering on the Company's website, issued notices to various developers who had previously expressed interest in the Property, and invited bid submissions of at least \$2.65 million (the market value "as-is" appraisal amount for the entire property). In response, the Town -- which was the only entity to satisfy the Company's bid threshold -- submitted a bid of \$2.75 million on September 26, 2014.

10. By letter dated October 15, 2014, Con Edison conditionally accepted the Town's offer, provided that the Town obtain the requisite Town Board approval by mid-December 2014 and execute a purchase agreement with the Company by December 31, 2014. The Town Board approved the purchase on October 21, 2014, followed by a 30 day public review period, during which time no comments were received. The Agreement was executed on January 7, 2015 and a deposit of \$275,000 was delivered to Con Edison at that time.

11. A portion of the Property, along with several other parcels owned by the Company that are not the subject of the proposed sale, are the subject of Algonquin Gas Transmission, LLC's ("Algonquin")³ pending gas line project (the "Project"), which was recently approved by the

¹ The transmission lines are East Hudson River Crossing and Anchor Towers, which supply feeders Y94 and Y98.

² Con Edison will retain two separate parcels for its transmission towers, one measuring approximately 13 acres and the other measuring approximately 8 acres.

³ Algonquin is a wholly-owned subsidiary of Spectra Energy Partners, LP.

Federal Energy Regulatory Commission (“FERC”) pursuant to Section 7 of the Natural Gas Act (“NGA”).⁴ The Project entails an expansion of Algonquin’s existing interstate natural gas pipeline, which extends from central New Jersey to the Boston, Massachusetts metropolitan area, and traverses beneath a portion of the Property. Specifically, the expansion requires the condemnation of portions of the Property for purposes of the Project.⁵ The anticipated condemnation is not expected to impair the planned change in ownership of the Property, nor preclude the Town’s planned future use of the Property.

III. DESCRIPTION OF THE PARTIES

A. Con Edison

11. Con Edison is an electric, gas and steam corporation organized under the laws of the State of New York, including the Transportation Corporations Law, and has its principal place of business at 4 Irving Place, New York, New York 10003. Con Edison supplies electric service in all of New York City (except part of Queens) and in most of Westchester County; gas service in Manhattan, the Bronx and parts of Queens and Westchester Counties; and steam service in part of Manhattan.

B. The Town of Cortlandt

12. The Town is a New York municipality governed by four elected council members and one elected full-time Supervisor (collectively the “Town Board”), and has its principal place of business at 1 Heady Street, Cortlandt Manor, New York 10567. Located in the northwestern portion of Westchester County, the Town has a population of approximately 39,000 according to the 2010 census and comprises roughly 40 square miles along the eastern bank of the Hudson River, roughly 43 miles north of Midtown Manhattan. Verplanck is a small hamlet located

⁴ *Algonquin Gas Transmission, LLC*, 150 FERC ¶ 61,163 (March 3, 2015).

⁵ *Id.*, at p. 4.

within the Town limits and situated on a peninsula bounded by the Hudson River to the north, west and south. According to the 2010 census, Verplanck has a modest population of approximately 2,100.

IV. THE CONTRACT OF SALE

13. The Agreement between Con Edison and the Town is dated as of January 7, 2015. The purchase price of \$2,750,000 is payable upon closing.

14. The closing is contingent upon the Commission's approval of this transfer. The Agreement provides that if Commission approval is not received by October 15, 2015, either party may terminate the Agreement.

V. THE TRANSFER OF THE PROPERTY IS IN THE PUBLIC INTEREST

15. Con Edison's transfer of the Property to the Town is in the public interest for the reasons stated below and should, therefore, be approved by the Commission.

16. Transfer of the Property will not have any adverse effects on Con Edison's electric system, given that the Company is retaining title to the parcels on which its transmission towers sit and an easement for the transmission lines that cross the quarry on the Property. The Company's retention of this utility property and easement means that no changes in operational protocols will be necessary.

17. As described in Mr. Muccilo's affidavit, Con Edison proposes an allocation of 100 percent of the after-tax gain from the sale of the Property to customers.

18. The affidavit of Linda D. Puglisi explains that the purchase of the Property by the Town creates a public benefit for its residents and others. As described therein, the Town has preliminary plans to develop the Property for public works projects such as parks,

walking/biking trails and other public recreational spaces to be utilized by both Town residents and outside visitors.

VI. PROPOSED ACCOUNTING TREATMENT RESULTING FROM THE TRANSFER

19. As described in the attached affidavit of Mr. Muccilo, after closing costs and applicable taxes, the resulting gain from the sale of the Property is \$771,315. Con Edison proposes to retire the asset, and defer 100 percent of the net after-tax proceeds on the sale of the Property plus accrued interest at the Commission-approved Other Customer Provided Capital Rate, for the future benefit of Con Edison's electric customers upon closing of the transaction.

VII. STATE ENVIRONMENTAL QUALITY REVIEW ACT

20. The State Environmental Quality Review Act ("SEQRA") requires the Commission to determine whether certain actions that it is authorized to approve may have a significant impact on the environment.⁶ Transactions that do not meet the definition of either a Type I or Type II action listed in 6 NYCRR §§ 617.4 and 617.5 and 16 NYCRR § 7.2 are appropriately designated as "unlisted actions" that are subject to SEQRA review.

21. The sale of the Property to the Town by Con Edison is an "unlisted action" that requires the Commission to conduct an environmental assessment. Accordingly, for purposes of this transaction, the Company has attached, as Exhibit C, a Short Environmental Assessment Form.

22. Con Edison asserts that, since the transfer of the Property from Con Edison to the Town will not result in any potentially significant adverse environmental impacts, the Commission should issue a negative declaration of significance for this transaction.

⁶ See Article 8 of the New York Conservation Law; 6 NYCRR § 617 and 16 NYCRR § 7.

VIII. CORRESPONDENCE AND COMMUNICATIONS

23. All communications and correspondence with respect to this Petition should be addressed to the following:

Laurie Silberfeld
Director, Real Estate
Consolidated Edison Company of New York, Inc.
4 Irving Place, Room 206
New York, New York 10003
Tel: 212-460-3188
Email: silberfeldl@coned.com

With a copy to:

Lisa Mann, Esq.
Consolidated Edison Company of New York, Inc.
4 Irving Place, Room 1875-S
New York, New York 10003
Tel: 212-460-2020
Email: mann1@coned.com

IX. REQUEST FOR RELIEF

24. WHEREFORE, Con Edison respectfully requests that the Commission find that the transfer of the Property from Con Edison to the Town, according to the terms and conditions set forth in the Agreement, is in the public interest and issue an order approving this transaction, including the proposed accounting treatment.

25. In addition, Con Edison respectfully requests that the Commission acknowledge that for future transactions involving the transfer of non-utility property that has been the subject of a competitive bidding process and that is awarded to the highest bidder, that in lieu of filing a Section 70 petition, the Company may instead submit to Department of Public Service

Accounting Staff for review and determination the proposed disposition of the proceeds resulting from such transactions.

Respectfully Submitted,

A handwritten signature in black ink that reads "Lisa Mann". The signature is written in a cursive style with a long horizontal flourish extending to the right.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By: *LISA MANN*

Dated: *JUNE 10, 2015*