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NOT BINDING UNTIL FULLY EXECUTED

196-11

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

**I/M/O Petition of Public Service
Electric and Gas Company for a
Determination Pursuant to the
Provisions of N.J.S.A. 40:55D-19
(North Central Reliability Project)**

WEST ORANGE NJ

2011 AUG 30 AM 2:34

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WHEREAS, on May 26, 2011, Public Service Electric and Gas Company ("PSE&G or the Company") submitted a Petition with the New Jersey Board of Public Utilities ("BPU") for a determination under N.J.S.A. 40:55D-19 that the proposed 230 kV North Central Reliability Project ("the Project") is reasonably necessary for the service, convenience or welfare of the public;

WHEREAS, such Petition remains pending before the BPU;

WHEREAS, the Project will span fifteen (15) municipalities within the State of New Jersey;

WHEREAS, West Orange Township ("Municipality") is one of these 15 municipalities along the route of the Project;

WHEREAS, PSE&G and Municipality ("the Parties") have reached an agreement under the terms set forth below that both Parties believe represents a fair and reasonable resolution that benefits both Parties.

NOW, THEREFORE, subject to the terms and conditions of this Settlement Agreement the Parties do hereby agree and stipulate as follows,

1. Within thirty (30) days after commencement of construction of the Project within Municipality, PSE&G will reimburse Municipality 50% of \$111,608.00 for (A) documented and verifiable emergency preparedness and electrical fire safety equipment and costs associated with construction and operation of the Project. Eligible expenses will include (i) electrical fire safety equipment and costs, including the purchase of equipment, supplemental police and other emergency or safety employee overtime and other resources (ii) emergency response equipment and resources; (iii) training for fire and emergency responder personnel and (iv) community outreach and education regarding electrical equipment safety and potential fire hazards or (B) documented and verifiable expenses to mitigate the potential impact to its residents along the ROW during construction, including any potential increased construction traffic or construction noise. Such funds shall be used to mitigate potential Project construction impacts on municipal

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residents, including funding of additional compatible vegetation and landscaping on municipal and private property along the Project ROW, noise abatement and other construction mitigation measures. Such payments were derived using a formula-based approach as set forth in Appendix A, based on the number of new Project transmission facilities within the boundaries of Municipality, excluding those on federal lands.

2. Within thirty (30) days after commencement of construction of the Project within Municipality, PSE&G agrees to compensate Municipality 50% of \$33,970.00 for the planting of trees or other compatible vegetation species for the purpose of mitigating visual impacts of the Project. Such payment amount was derived using a formula-based approach as set forth in Appendix A. No trees will be planted within PSE&G's transmission ROW.
3. PSE&G shall pay the remaining 50% of the amounts set forth in Paragraph 1 and 2 within one hundred and twenty (120) days from the commencement of construction within the Municipality, conditioned upon PSE&G's reasonable determination that the Municipality is providing the necessary cooperation for PSE&G's pre-construction and construction efforts. Examples of such necessary cooperation are set forth in Paragraph 7 of this Agreement
4. PSE&G acknowledges that this Settlement Agreement is not intended to address or resolve any claims that the Municipality or its residents may have against PSE&G with respect to damage to their real or personal property caused by construction of the Project.
5. No payment by PSE&G to Municipality pursuant to Paragraphs 1 and 2 above will be made until PSE&G actually commences construction of Project transmission facilities, such as foundations, within the boundaries of the Municipality. Any decisions as to the timing of commencement of Project construction will be made at the sole discretion of PSE&G.
6. Municipality hereby stipulates and agrees that it is waiving all rights to (i) challenge any order(s) issued in the above-referenced proceeding in court or in any other forum and (ii) oppose the Project in any the press or any proceedings including any siting, permitting, or administrative proceedings or other proceedings relating to this Project whether before any court or federal, state or local body or agency. Municipality further stipulates and agrees that it is waiving its rights to oppose the recovery in rates of any and all costs incurred by PSE&G as a result of this Settlement Agreement or as a result of any comparable settlement agreement with other municipalities along the route of the Project.
7. The Municipality hereby agrees that, as consideration for receipt of the payments made in Paragraphs 1 and 2 the Municipality shall cooperate with

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PSE&G during the pre-construction and construction phase of this Project. By way of example:

- i. The Municipality will not interfere with PSE&G's access on private or public property within the municipality so long as PSE&G can show an executed Easement or Access Document granting access to the property.
 - ii. The Municipality will timely issue street opening permits, curb cut approvals or any other permits that may be necessary during construction (at the fees set forth within its municipal ordinance) when requested by PSE&G for the Project.
 - iii. The Municipality will provide traffic control or other related services at the fees set forth in its municipal ordinance when requested by PSE&G for the Project.
 - iv. The Municipality will cooperate with PSE&G in connection with any pre-construction or construction related issues on an as needed basis, including, but not limited to attending any requested pre-construction meetings with PSE&G.
8. If necessary, the Municipality will provide PSE&G access roads and other property rights that are required to construct the Project at a fair market value to be determined by an appraisal prepared by an independent MAI certified appraiser. Attached as Appendix B is a list of property rights that PSE&G currently needs from the Municipality for the Project and the current estimated fair market value associated with such rights. PSE&G may add properties to this list in the future as necessary. This list is not intended to be a final list, and PSE&G's potential omission of any particular property right does not release the Municipality from providing all necessary property rights to PSE&G in accordance with this settlement.
9. This Settlement Agreement and any payments set forth in Paragraphs 1 and 2 are conditioned upon (i) PSE&G obtaining all necessary approvals for the Project from the State of New Jersey, including from the BPU and from the New Jersey Department of Environmental Protection and (ii) PSE&G constructing the Project. If for any reason or no reason, PSE&G determines not to construct the Project within the Municipality, this Agreement shall be null and void.
10. The Parties further agree that this Settlement Agreement is in no way binding upon them in any other proceeding including in any other N.J.S.A. 40:55D-19 proceeding, except to enforce the terms of this Settlement Agreement.

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11. This Settlement Agreement contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Settlement Agreement. Each term is vital to the agreement as a whole, since the parties expressly and jointly state that they would not have signed the Settlement Agreement had any term be modified in any way.

12. This Settlement Agreement may be executed in as many counterparts as there are signatories of this Settlement Agreement, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

Now, therefore, the Parties cause this Settlement Agreement to be executed by their duly authorized officers or officials:

Date: _____

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

By: _____
Kim C. Hanemann
Vice President - Delivery Projects
and Construction

Date: _____

MUNICIPALITY

By: _____

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Appendix A

I. Formula for construction impacts:

(i) \$5,000 per new Project tower within Municipality boundaries; and (ii) \$500 per linear mile of ROW within Municipality boundaries.

II. Formula for vegetation compensation:

\$200 per tree, assuming the planting of one (1) tree every 100 linear feet of ROW, along one side of the ROW.