



Agenda Date: 6/30/17
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

APPLICATION OF THE MERCHANTVILLE- PENNSAUKEN WATER COMMISSION)	ORDER APPROVING A PUBLIC- PRIVATE CONTRACT BETWEEN
REQUESTING APPROVAL OF AN AGREEMENT)	THE MERCHANTVILLE-
BETWEEN THE COMMISSION AND USCI, INC.)	PENNSAUKEN WATER
A SUBSIDIARY OF SUEZ WATER ADVANCED)	COMMISSION AND UTILITY
SOLUTIONS FOR A MAINTENANCE)	SERVICE CO., INC.
AGREEMENT FOR MPWC WELLS, INCLUDING)	
MOTORS AND PUMPS PURSUANT TO THE)	
PROVISIONS OF THE NEW JERSEY WATER)	
SUPPLY PUBLIC-PRIVATE CONTRACTING)	
ACT, <u>N.J.S.A. 58:26-19 ET SEQ.</u>)	DOCKET NO. WO17040386

Parties of Record:

Karl N. McConnell, Esq., General Counsel, on behalf of the Merchantville-Pennsauken Water Commission
Shane Albritton, Esq., on behalf of SUEZ Water Advanced Solutions
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 27, 2017, pursuant to the New Jersey Water Supply Public-Private Contracting Act, N.J.S.A. 58:26-19 et seq. ("Water Act"), the Merchantville-Pennsauken Water Commission ("Petitioner" or "MPWC") submitted a verified petition/application ("Petition") pursuant to the provisions of the Water Act, specifically N.J.S.A. 58:26-24 and N.J.S.A. 58:26-25, for approval of a proposed agreement ("Agreement") for a Water Well, Pumps and Motors Maintenance Agreement between the Petitioner and Utility Service Co., Inc. ("USCI" or "Company") a subsidiary of SUEZ Water Advanced Solutions.

The Petitioner makes this application in accordance with N.J.S.A. 58:26-24(f) and N.J.S.A. 58:26-25 to the New Jersey Board of Public Utilities ("Board"), the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("DCA") and the New Jersey Department of Environmental Protection ("DEP").

The Water Act authorizes public entities to enter into contracts with private firms for the provision of water supply services. Water supply services, as defined by the Water Act, mean "the financing, designing, construction, improvement, operation, maintenance, administration, or any combination thereof, of a water supply facility which services are provided pursuant to [the Water Act]." N.J.S.A. 58:26-21. Public-Private Contracts for water supply services must be submitted to the Board for review and approval. However, N.J.S.A. 58:26-25 confines the scope of the Board's review of such contracts to four specific areas. In its review of the contract, the Board shall apply the following criteria in determining whether to approve the contract:

1. The private firm entering into the contract has the financial capacity and technical and administrative experience to ensure continuity of service over the term of the contract and that the standards and requirements contained in the application documents concerning the financial, technical and administrative capacity of the private firm are necessary and sufficient to protect the public interest.
2. The terms of the contract are not unreasonable. In determining whether the terms of the contract are not unreasonable, the Board shall review the fees and charges to be charged or assessed under the contract to determine that they are reasonable to the public entity, taking into consideration all of the obligations undertaken by the private firm and all the benefits obtained by the public entity. In making this determination, the Board shall not use the traditional rate based rate of return methodology.
3. The franchise customers of a public utility participating in a contract are protected from the risks of the proposed contract and that they are not subsidizing the contract. If a private firm is not a public utility, the Board shall ensure that under the terms of the proposed contract the users of water outside of the jurisdiction or service area that will receive water supply services under the contract are also protected from the risks of the contract and that water users outside the jurisdiction or service area are not subsidizing the contract through increased charges, rates or fees for the supply of water.
4. The contract contains the provisions required by paragraphs (1), (2) and (6) of subsection e. of section 5 of P.L. 1995, c. 101 (C. 58:26-23).

[N.J.S.A. 58:26-25(c)].

The Water Act further states that once the Board approves a proposed contract, the jurisdiction of the Board terminates until or unless the contract is amended to change the formula or other basis of determining charges contained therein. N.J.S.A. 58:26-25(c)(4).

It has been held that the sovereign powers of a municipality should not be subordinated to Board jurisdiction "by inference" or "lightly implied." Jersey City Incinerator Authority v. Dept. of Pub. Util., 146 N.J. Super. 243, 255-56 (App. Div. 1976). Rather, a grant of such power "must be firmly anchored in some clear legislative delegation of jurisdiction." Id. at 256. Furthermore, the Board's own enabling statute expressly limits the Board's jurisdiction over contracts of the type under review here to the parameters of the Public-Private Contracting Act. N.J.S.A. 48:2-13 states:

Except as provided in [N.J.S.A. 58:26-25] the Board shall have no regulatory authority over the parties to a contract negotiated between a public entity and a private firm pursuant to [N.J.S.A. 58:26-19 et seq.] in connection with the performance of their respective obligations thereunder. Nothing contained in this title shall extend the powers of the Board to include any supervision and regulation of, or jurisdiction and control over, any public-private contract for the provision of water supply services established pursuant to [N.J.S.A. 58:28-19 et seq.].

In accordance with this legal mandate, the Board has limited the scope of its review to the four criteria set forth above and, for reasons discussed below, concludes that the contract meets the applicable criteria. Because the Legislature has carefully circumscribed the Board's authority over the rates to be charged to end-use customers and other issues, the Board does not make any determination with respect to issues related to the ultimate rates to be charged by the Petitioner to its residents for services.

BACKGROUND/PROCEDURAL HISTORY

MPWC is a regional municipal water authority pursuant to N.J.S.A. 40:62-108 et seq., in Camden County that seeks to enter into a Well Maintenance Service Agreement pursuant to the Water Act. The Petitioner supplies potable water to residents of Merchantville, Pennsauken, a contiguous small section of northwestern Cherry Hill and a very small portion of northeastern Camden along the Pennsauken border.

MPWC has jurisdiction, pursuant to N.J.S.A. 40A:31-1 et seq., to determine the terms and conditions within its municipal limits. MPWC determined to enter into a contract for well maintenance services pursuant to the Water Act.

On August 11, 2016, the Commission passed a Resolution to proceed with a Request for Proposals ("RFP") for a long-term Well Maintenance Agreement. Thereafter, the MPWC on August 19, 2016 issued a RFP for a Well Maintenance Services Agreement in accordance with the Water Act. MPWC issued a notice of its RFP of vendors interested in providing a service agreement for well maintenance services as well as accompanying motors and pumps of MPWC's water supply system on their website on August 19, 2016 and in the Courier-Post on August 23, 2016. On August 29, 2016, MPWC notified DCA, the DEP and the Board of its intent to enter into a contract for water, pump and motor maintenance services agreement pursuant to N.J.S.A. 58:26-23(a).

It included Notice of Hearing for December 8, 2016 in accordance with N.J.S.A. 58:26-23. The return date for proposals was October 4, 2016. The pre-established criteria for the evaluation of proposals included, inter alia, a minimum overall score. The only submission was from the SUEZ subsidiary, USCI who met the criteria in the RFP and exceeded the pre-established minimum score.

On October 13, 2016, the evaluation committee reported the results of its evaluation of the USCI proposal to the MPWC. The MPWC determined to pass a Resolution making a conditional award subject to negotiations with USCI for certain final terms of contract. Thereafter extensive negotiations took place regarding those terms of contract. The proposal itself was published on the MPWC website and along with the memorandum of reasons for the USCI selection.

The MPWC was not satisfied with the contract terms and negotiations were ongoing by the original hearing date of December 8, 2016. No one appeared on that date, and the hearing was postponed. The MPWC caused the hearing to be advertised again for January 12, 2017 at 4:00 p.m. and the Notice of Hearing was published both on the MPWC website and as of December 22, 2016 was published again in the Courier-Post. The MPWC was still not satisfied with the terms in time to accept and properly advertise the draft contract in time for the January 12, 2017 hearing date. No one appeared on that date, and the Commissioners postponed the hearing again. The negotiations continued and the MPWC negotiating team reported back to the Commissioners in a closed session at its monthly meeting on February 9, 2017. Thereafter, the parties came to negotiated terms as included in the contract submitted for approval.

On February 21, 2017, the MPWC published the new Notice of Hearing Date as well as the final terms of the current contract along with the memoranda regarding USCI's selection. These documents were made available on the website, and the municipal clerks of the franchise area received that same day the Notice of Hearing for March 9, 2017. The Notice was published in the Courier-Post as of February 23, 2017, and physical inspection of the contract and website documents was afforded for the four days prior to the Public Hearing on March 9, 2017. This notice was published pursuant to N.J.S.A. 58:26-24(b).

USCI, the only responder, put forth a proposal which complied with all the specifications required by the RFP. USCI exceeded the minimum score set in advance by the Committee and displayed vast experience and knowledge in an area where MPWC needs expertise.

Provided with the above information, MPWC agreed to enter into a 10-year contract with USCI for water, pump and motor maintenance services agreement.

A public hearing was conducted on March 9, 2017 at 4:00 p.m. in MPWC's Headquarters in Pennsauken. A verbatim record of the hearing was produced as required pursuant to N.J.S.A. 58:26-24(d). No one from the public or other vendors appeared and no one commented while the record remained open.

MPWC obtained a written opinion from its bond counsel, Parker McCay P.A., on February 27, 2017, in accordance with N.J.S.A. 58:26-23(g).

A resolution was introduced on April 13, 2017 (Resolution No. 2017-05) by the MPWC authorizing the execution of the Services Agreement with SUEZ, to provide contract operator services in connection with MPWC's System in accordance with the Water Act.

TERMS OF THE PUBLIC-PRIVATE CONTRACT

MPWC established a contract with USCI, a wholly owned subsidiary of Suez Water Advanced Solutions, for a well maintenance services contract as well as accompanying motors and pumps and two booster pumps. MPWC agrees to engage USCI to provide the professional services needed to service its 11 Water Wells with their accompanying pumps.

USCI's Responsibilities - Services include the following:

- a. **WATER WELL REHABILITATION**: Shall perform any necessary rehabilitation of the Well to return the Well to as prime a condition as possible. The Company may rehabilitate the wells using appropriate technology, which includes but is not limited to: (1) injecting carbon dioxide or other approved gases into the Well; (2) treatment of the Well with approved chemicals; (3) the mechanical cleaning of the Well; or (4) or any combination thereof.
- b. **REPAIR OR REPLACEMENT OF PUMP**: Shall make repairs to the pump or replace the pumping unit and motor during the aforementioned rehabilitation. Shall provide emergency services, when needed, during the Term of this Contract to perform all repairs to the Pumps and motors covered under this Contract. Reasonable travel time must be allowed for the repair unit to reach the Well site.
- c. **WATER WELL MAINTENANCE**: Will install the necessary Well maintenance equipment following the acceptance of this Contract. Will service the Well using the Well maintenance equipment installed in the Well. A minimum of one Well maintenance service for each well shall be performed each Contract year. Will conduct a performance test annually and provide a written report of the findings of each Well and pump performance to MPWC following each well's annual test. Will provide future rehabilitation of the Well as necessary. The need for any future Well rehabilitation will be determined by the specific capacity of the Well. Will be responsible to return all eleven wells to a base-line specific capacity in year 1 and then maintaining that Specific capacity to within 80% of that wells capacity throughout the maintenance agreement.

MPWC Responsibilities

- a. It is understood that only USCI's employees or personnel authorized by USCI shall install, operate, and/or maintain the Well maintenance equipment installed by USCI, and MPWC shall not permit any of its employees, agents, or independent contractors, except as authorized by USCI, to operate the Well maintenance equipment.
- b. Agrees that it will make no alterations in or to the equipment without obtaining prior written permission from USCI. The Well maintenance equipment shall have a label attached to it, which MPWC shall not remove, describing the equipment and directing system operators to contact USCI prior to removing any equipment from the Well.
- c. MPWC shall notify USCI immediately of any breakdown, malfunction, or other evidence that the Well maintenance equipment may need to be serviced.
- d. MPWC shall notify USCI immediately of any operational changes to the well or pump that could impact the performance of the well, including but not limited to increasing or decreasing the capacity of the pump, modifications to the pump setting, or modifications to size, or performance.

PUMP-MOTOR SERVICE

1. MPWC agrees to engage USCI to provide the professional service needed to service its Pumps-Motors Numbering Twelve (12) in RFP, in addition to the 11 Well Pumps and motors for a total of Twenty-Three (23).

a. PUMP - MOTOR RENOVATION:

USCI shall perform any necessary renovation or replacement of the Pump and Motor to return the Pump to as prime a condition as possible. USCI may renovate or replace the Pump and or Motor with similar or equal equipment to satisfy the design criterion for the performance of the Pump and or Motor and System. USCI will provide emergency services, when needed, during the Term of this Contract to perform all repairs to the Pump and or Motor covered under this Contract. Reasonable travel response time must be allowed for the repair unit to reach the site.

b. PUMP AND MOTOR MAINTENANCE:

USCI will service each Pump and Motor as described in USCI's proposal on an annual basis. A minimum of one performance test and maintenance event service shall be performed each Contract year. USCI will conduct a performance test annually and provide a written report of the findings of the pump performance to MPWC following each annual test.

MPWC Responsibilities

- a. It is understood that only USCI's employees or personnel authorized by USCI shall operate, and/or maintain the Pump and Motor.
- b. Agrees that it will make no alterations in or to the equipment without obtaining prior written permission from USCI. The Pump And or Motor equipment shall have a label attached to it, which MPWC shall not remove, describing the equipment and directing system operators to contact the Company prior to working on or removing any equipment from the site.
- c. MPWC shall notify USCI immediately of any breakdown, malfunction, or other evidence that the Pump and or Motor equipment may need to be serviced.
- d. MPWC shall notify USCI immediately of any operational changes to the Pump or Motor that could impact the performance of the equipment, including but not limited to increasing or decreasing the capacity of the pump, modifications to the pump setting, or modifications to size, or performance.

The annual fee shall be One Hundred Ninety Seven Thousand three hundred forty dollars (\$197,340.00) per Contract Year including the Annual Performance/Payment Bond with a 10 year minimum, however, in Contract Year 4 and each Contract Year thereafter, the annual fee may be adjusted to reflect the actual current cost of service. The adjustment of the annual fee shall be limited to a maximum of 5% annually.

No current employees will be affected by the Agreement. The work being performed under the contract has always been done by outside contractors.

MPWC has estimated that it perceives that this contract will have no direct impact on the water rates paid by its customers.

On April 27, 2017, the Petitioner submitted a Hearing Report to the DEP, which, pursuant to N.J.S.A. 58:26-25(a), must complete its review and submit its comments to the Board and DCA within 60 days of its receipt thereof. To date, the Board has received no comments from the DEP and is unaware of any prevailing issues.

By letter dated June 7, 2017, Petitioner consented to an extension for the Board to act on its application through July 10, 2017.

By letter dated June 8, 2017, the New Jersey Division of Rate Counsel filed comments and advised the Board that it did not object to the Public-Private contract and was not opposed to the Board's approval of the Petition.

DISCUSSIONS AND FINDINGS

After review of the record herein, the Board **FINDS** that the statutory criteria listed hereinabove have been met.

1. SUEZ Advanced Solutions, LLC (a wholly owned subsidiary of SUEZ North America Inc., which was formerly named SUEZ Environnement North America Inc.) has the financial capacity, technical and administrative experience to ensure continuity of service over the terms of the contract. N.J.S.A. 58:26-25(c)(1). SUEZ North America Inc. is a wholly owned subsidiary of SUEZ Group SAS, a French corporation, which is itself a wholly owned subsidiary of SUEZ SA, a French limited liability company. SUEZ Advanced Solutions, LLC (and its predecessors) has demonstrated over the years that it has the financial capacity, and technical and administrative expertise to meet all the demands of the proposed contract.
2. The terms of the contract are not unreasonable given the services that are to be performed by USCI. N.J.S.A. 58:26-25(c)(2). The Board believes that under the circumstances of this matter and as set forth in the contract, a 10-year term is appropriate.
3. N.J.S.A. 58:26-25(c)(3) is intended to protect franchise customers outside of the service area for the Merchantville-Pennsauken Water Commission. There is no subsidization of customers outside the municipal boundaries.
4. The contract contains provisions addressing the following:

N.J.S.A. 58:26-23(e)(1): The charges, rates, fees or formulas to be used to determine the charges, rates, or fees to be charged by the public entity for the well, pump and motor maintenance service agreement to be provided.

N.J.S.A. 58:26-23(e)(2): The allocation of the risks of financing and constructing planned capital additions or upgrades to existing water supply facilities are incorporated.

N.J.S.A. 58:26-23(e)(6): The employment of current employees of the public entity whose positions of employment will be affected by the terms of the contract are addressed.

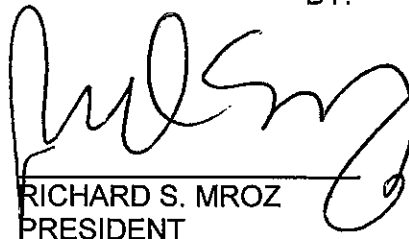
Therefore, based upon the above, the Board **HEREBY APPROVES** the Public-Private Contract between the Merchantville-Pennsauken Water Commission and Utility Service Contract, Inc. subject to the following provisions:

Any extension of the contract beyond the 10-year term pursuant to N.J.S.A. 58:26-25(c)(4), and any amendment of the contract to change the formula or other basis of determining charges contained therein, shall be subject to Board review and approval.

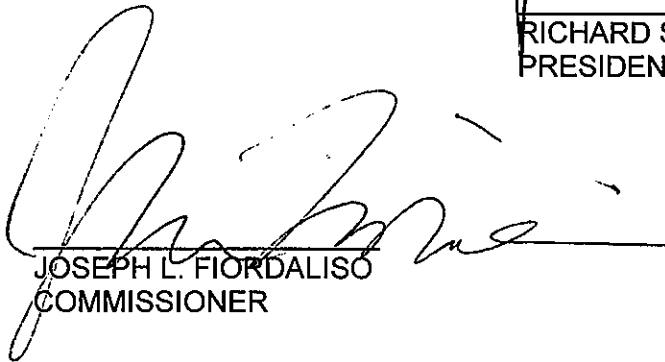
This Order shall be effective on July 10, 2017.

DATED: 6/30/17

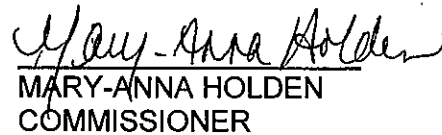
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



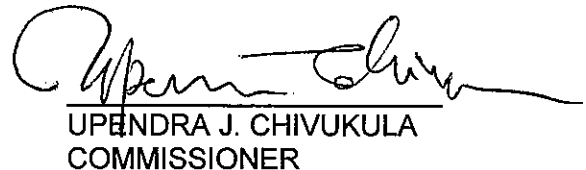
JOSEPH L. FIORDALISO
COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER

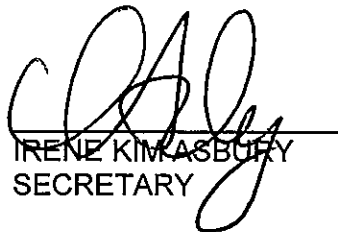


DIANNE SOLOMON
COMMISSIONER



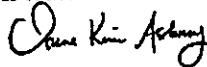
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



APPLICATION OF THE MERCHANTVILLE-PENNSAUKEN WATER COMMISSION
REQUESTING APPROVAL OF AN AGREEMENT BETWEEN THE COMMISSION AND USCI,
INC. A SUBSIDIARY OF SUEZ WATER ADVANCED SOLUTIONS FOR A MAINTENANCE
AGREEMENT FOR MPWC WELLS, INCLUDING MOTORS AND PUMPS PURSUANT TO THE
PROVISIONS OF THE NEW JERSEY WATER SUPPLY PUBLIC-PRIVATE CONTRACTING
ACT, N.J.S.A. 58:26-19 ET SEQ.
BPU DOCKET NO. WO17040386

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MPWC

MERCHANTVILLE-PENNSAUKEN WATER COMMISSION

6751 Westfield Avenue • Pennsauken, NJ 08110
Ph: 856.663.0043 • Fx: 856.486.7417 • www.mpwc.com

Michael A. Saraceni
Chief Operating Officer

June 7, 2017

Via US Mail & email to attached service list

Renee Greenberg
Deputy Attorney General
Division of Law | Public Utilities
124 Halsey St., Floor 2
Newark, NJ 07101

Irene Kim Asbury
Secretary, Board of Public Utilities
44 South Clinton Ave,
P.O. Box 350,
Trenton, NJ 08625

In the Matter of the Petition of the Merchantville-Pennsauken Water Commission Requesting Approval of a Well, Pump, and Motor Maintenance Services Agreement Pursuant to the New Jersey Water Supply Public-Private Contracting Act, N.J.S.A. 58:26-19 et. seq. Application for Approval of Water Services Maintenance Contract Per 58:26-25

BPU Docket No. WO17040386

Dear DAG Greenberg & Ms. Asbury,

I am writing in response to the request from DAG Greenberg dated June 5, 2017 directed to our General Counsel, Mr. McConnell.

Merchantville-Pennsauken Water Commission hereby consents to an extension for the Board of Public Utilities to Act on the above-referenced matter through July 10, 2017.

Please contact Mr. McConnell with any questions or concerns.

Respectfully submitted,

Michael Saraceni
Chief Operating Officer

Cc: Attached Service List.



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P. O. BOX 003
TRENTON, NEW JERSEY 08625

RECEIVED

JUN 09 2017

BOARD OF PUBLIC UTILITIES
MAIL ROOM

STEFANIE A. B...
Director

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

June 8, 2017

Via Hand Delivery & First Class Mail

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Ave., 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625

Re: I/M/O The Merchantville-Pennsauken Water Commission Well, Pump and Motor Maintenance Services Agreement pursuant to the New Jersey Water Supply Public-Private Contracting Act, NJSA 58:26-19, et seq. Application for Approval of Water Services Maintenance Contract per 58:26-25 BPU Docket No. WO17040386

Dear Secretary Asbury:

Please accept for filing an original and eleven copies of the Division of Rate Counsel's ("Rate Counsel") comments regarding the above referenced matter. Please date stamp the additional copy as "filed" and return it in the enclosed, self-addressed, stamped envelope. Thank you for your consideration and attention to this matter.

Summary of Position

The Division of Rate Counsel ("Rate Counsel") does not object to the proposed Well, Pump and Motor Maintenance Services Agreement ("Agreement") between the Merchantville-Pennsauken Water Commission (the "MPWC" or "Commission") and the SUEZ Water

Advanced Solutions subsidiary, USCI, Inc. ("USCI") and is not opposed to the Board's approval of the Petition.

Background

On April 27, 2017, the MPWC filed a Petition with the Board of Public Utilities ("Board") requesting the Board's approval of a proposed Agreement with USCI. The MPWC is a regional municipal water authority pursuant to NJSA 40:62-108, et seq., in Camden County. The Commission supplies potable water to residents of Merchantville, Pennsauken, a contiguous small section of northwester Cherry Hill and a very small portion of northeastern Camden City.

On August 11, 2016, the Commission passed a Resolution to proceed with a RFP for a Long-term Well Maintenance Agreement. Thereafter the MPWC on August 19, 2016, issued a *Request for Qualifications and Proposals for a Well Maintenance Services Agreement* (the "RFQ/RFP") in accordance with the New Jersey Water Supply Public-Private Contracting Act, N.J.S.A. 58:26-19, et seq. (the "Act"). The RFQ/RFP was published on that date on the MPWC website and was as of August 23, 2016 published in the Courier-Post Newspaper. It included Notice of Hearing for December 8, 2016 in accordance with NJSA 58:26-23. Copies were also served on all town clerks in the franchise area. The return date for proposals was October 4, 2016 and the publicized hearing date was noticed for December 8, 2016. The pre-established criteria for the evaluation of proposals included, inter alia, a minimum overall score. The only submission was from the Suez subsidiary, USCI, Inc. who met the criteria in the RFP and exceeded the pre-established minimum score.

On October 13, 2016, the evaluation committee reported the results of its evaluation of the USCI, Inc. proposal to the full Commission. The Commission determined to pass a

Resolution making a conditional award subject to negotiations with USCI, Inc. for certain final terms of the contract. Thereafter, extensive negotiations took place regarding those terms of contract. The proposal itself was published on the Commission website, along with the memorandum of reasons for the USCI selection. The Commission determined to pass a Resolution making a conditional award subject to negotiations with USCI, Inc., for certain final terms of contract. Extensive negotiations took place regarding those terms of contract. The proposal itself was published on the Commission website, along with the memorandum of reasons for the USCI selection. The Commission was not satisfied with the contract terms and negotiations were ongoing by the original hearing date of December 8. No one appeared on that date, and the hearing was postponed. The MPWC again noticed a hearing to be on January 12, 2017 at 4pm and the Notice of Hearing was published both on the MPWC website and as of December 22, 2016 was published again in the Courier-Post newspaper.

The Commission was not yet satisfied with the terms in time to accept and properly advertise the draft contract in time for the January 12 hearing date. No one appeared on January 12, and the Commissioners postponed the hearing again. The negotiations continued and the MPWC negotiating team reported back to the Commissioners in closed session at their monthly meeting on February 9, 2017. The parties subsequently came to the negotiated terms included in the contract submitted for approval.

On February 21, 2017, the MPWC published the new Notice of Hearing Date as well as the final terms of the current contract along with the memorandum regarding the selection of USCI, Inc. These documents were made available on the website. The municipal clerks of the franchise area also received the Notice of Hearing for March 9, 2017. The Notice was published in Courier-Post newspaper as of February 23, 2017, and physical inspection of the contract and

website documents was afforded for the four days prior to the Hearing at the Public Hearing on March 9, 2017. The MPWC held a public hearing on March 9, 2017 at 4:00 PM to solicit public comment concerning the Agreement. Again, no one attended or raised any questions. The record was held open for the requisite comment period; however no questions or comments were received.

The proposal of USCI, Inc. was the only proposal submitted in response to the RPF advertised on August 19, 2016 and initially published in the newspaper on August 23, 2016. There were no other questions or comments other than a request for documents.

The contract is for a long-term Well maintenance services contract which the MPWC seeks to sign with USCI, Inc., a wholly owned subsidiary of USCI Water Advanced Solutions. The annual costs to the Commission is One Hundred Ninety Seven Thousand Hundred Forty dollars (\$197,347.00) annually for the first three years with a cap on any increases thereafter capped annually at 5%. The contract is for a ten (10) year base term and obligates USCI to rehabilitate the MPWC's primary 11 wells, as well as accompanying motors and two booster pumps. In addition, USCI is required to maintain them all at a set performance level. USCI offers extensive experience and expertise.

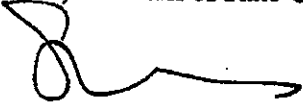
Recommendation

Rate Counsel has reviewed the filing and the discovery responses provided to Board Staff requests SR-1 through SR-12. Rate Counsel believes that the proposed Agreement is the result of extensive negotiations between the MPWC and USCI and that the Agreement satisfies the requirements of the Act.

Accordingly, Rate Counsel defers to the Board and is not opposed to approval of the
Petition.

Respectfully submitted

Stefanie A. Brand, Esq.
Director, Division of Rate Counsel

By: 

Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

SEM/
cc: Service list

In the Matter of the Petition of the
Merchantville-Pennsauken Water
Commission Requesting Approval of a Well,
Pump, and Motor Maintenance Services
Agreement Pursuant to the New Jersey Water
Supply Public-Private Contracting Act,
N.J.S.A. 58:26-19 et. seq. Application for
Approval of Water Services Maintenance
Contract Per 58:26-25

BPU Docket No. WO17040386

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