



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF SUEZ WATER ) ORDER OF APPROVAL  
NEW JERSEY INC. FOR APPROVAL OF AN AFFILIATE )  
CONTRACT TO PAINT THE BALD EAGLE VILLAGE )  
STORAGE TANK IN WEST MILFORD, NEW JERSEY ) DOCKET NO. WO22030134

**Parties of Record:**

**Bryant Gonzalez, Esq., Corporate Attorney Operations**, Veolia Water & Management Services, Inc.  
**Brian Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:<sup>1</sup>

On March 10, 2022, Suez Water New Jersey, Inc. filed a verified petition, pursuant to N.J.S.A. 48:3-7.1, seeking approval from the New Jersey Board of Public Utilities (“BPU” or “Board”) of an intercompany contract (“Affiliate Agreement”) with its affiliate, Utility Service Company, Inc. (“USC”), for the painting of one water storage tank in West Milford, New Jersey (“Bald Eagle Tank Project”).<sup>2</sup>

The Petitioner is a public utility corporation of the State of New Jersey, subject to the jurisdiction of the Board, with its principal office location at 461 From Road, Suite 400, Paramus, New Jersey 07652. Veolia is engaged in the business of collecting, treating and distributing water for retail service and wastewater collection to approximately more than 260,000 customers located in portions of Bergen, Hudson, Hunterdon, Monmouth, Middlesex, Morris, Passaic, Ocean, Sussex, and Warren Counties in the State of New Jersey.

USC is an affiliate of Veolia. The American parent company of both USC and Veolia is SUEZ North America, Inc. (“SUEZ NA”). SUEZ NA is the direct parent of SUEZ Advanced Solutions, LLC which is the direct parent of USC. SUEZ NA is the ultimate parent company of Veolia. USC and Veolia do not share any corporate officers or directors.

According to the petition, USC is a corporation authorized to conduct business in the State of New Jersey and is the largest tank service firm in the United States. It maintains thousands of tanks

<sup>1</sup> Commissioner Zenon Christodoulou abstained from voting on this matter.

<sup>2</sup> By letter dated April 4, 2022, Suez Water New Jersey Inc. notified the Board that it was changing its name to Veolia Water New Jersey, Inc. (“Veolia” or “Petitioner”) effective March 28, 2022.

under full service maintenance contracts across the country. USC's range of integrated water tank services includes: professional maintenance solutions for existing tanks; antenna site marketing; and management communication site construction. Its clients also include some of Veolia's competitors that have utilities in other States. The Petitioner points out that the Board has in the past approved petitions regarding affiliate agreements between Veolia and USC for work on the Carlstadt Elevated Tank in Carlstadt, New Jersey in 2018 and the Cottonwood Tank in Franklin Lakes, New Jersey in 2015.

The Bald Eagle Tank Project is a 320,000 gallon welded steel tank 42 feet diameter and 30 feet tall. All bidders were afforded identical access to pre-bid materials, such as tank condition assessments, site conditions, and all other relevant information. The bid process was performed in accordance with corporate policy, and Veolia has awarded USC the contract for the Bald Eagle Tank Project.

### Rate Counsel Comments

By letter dated June 16, 2022, the New Jersey Division of Rate Counsel ("Rate Counsel") indicated that it did not oppose approval of the Affiliate Agreement sought by Veolia. Rate Counsel noted that two (2) of the three (3) contractors solicited were independent contractors at the time of the solicitation with no affiliation with the Petitioner. Additionally, Rate Counsel indicated that there does not appear to be any collusion as the information necessary to bid on the project was made available to all bidders. USC was selected based on a number of factors, including lowest bid, and previous work. As stated in the Petition in paragraph 10, "USC and Veolia do not share any corporate officers or directors,". However, it should be pointed out that, as a result of the recent merger with Veolia, Karen Rouge the President and CEO of USC is now also the CEO of Veolia. The record also shows that: (1) this situation did not develop until March 28, 2022, approximately 2 1/2 weeks after the Petition was filed; and (2) Ms. Rouge was not involved in the bidding or selection process to paint the Bald Eagle Village Tank. Approval of this contract should not include authorization to include in rates any specific expense that will be incurred by the Company as a result of the execution of the painting contract. Rate Counsel further stated that the determination of any ratemaking impact should be addressed in a future base rate proceeding.

### DISCUSSION AND FINDINGS:

N.J.S.A. 48:3-7.1 provides in part as follows:

The board shall disapprove such contract if it determines that such contract violates the laws of this state or of the United States, or that the price or compensation thereby fixed exceeds the fair price or fair compensation for the property to be furnished or the work to be done or the services to be rendered thereunder or is contrary to the public interest: otherwise the board shall approve such contract.

The Board has carefully reviewed the record in this matter, including the Petition and Veolia's responses to discovery. Concerning the procurement process, the Petitioner's corporate parent, SUEZ NA, has a formal "Procurement Policy", which has been adopted by Petitioner. The Procurement Policy, among other things, specifies when competitive bids should be solicited (i.e., all purchases that are equal to or greater than \$25,000) and that when competitive bids are required, a minimum of two (2) quotes or bids, but preferably three (3) or more should be obtained. The record before the Board reflects that bids were solicited in an appropriate and fair manner,

and Rate Counsel does not dispute the fairness of the Petitioner's procurement process. The Petitioner solicited competitive bids from three (3) known tank companies. In return, Petitioner received and evaluated bids from three (3) qualified firms, including a bid from its affiliate, USC. The same pre-bid information was available to all bidders. A review of the record also indicates that the Affiliate Agreement involves a fair price for the services to be rendered. Accordingly, based on its review, the Board **HEREBY FINDS** that the Petitioner's procurement process was fair, unbiased and that no preferential treatment was given to its affiliate, USC.

Therefore, in accordance with N.J.S.A. 48:3-7.1, the Board **HEREBY FINDS** that the Affiliate Agreement does not violate the laws of the State of New Jersey or of the United States, does not contain a price or compensation that exceeds the fair price or fair compensation for the work to be done or the services to be rendered, and is not contrary to the public interest. The Board **HEREBY FINDS** that the proposed Affiliate Agreement is in the public interest and will facilitate the Petitioner's ability to provide safe, adequate and proper utility service at just and reasonable rates.

The Board **HEREBY APPROVES** the Affiliate Agreement between Veolia and USC and **HEREBY AUTHORIZES** USC to render services outlined in the Affiliate Agreement for the Bald Eagle Tank Project.

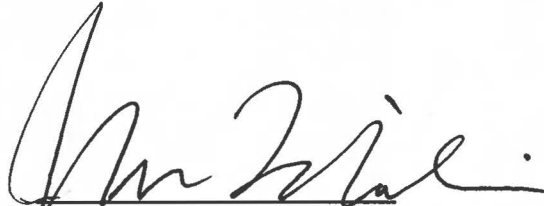
The approval granted herein shall be subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of this Board in any future petition or in any proceeding with respect to rates, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.
2. Approval of this petition does not constitute approval by the Board of any costs or expenses associated with this petition. In an appropriate subsequent proceeding, the Petitioner shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
3. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner.
4. The Board reserves the right to conduct future reviews of the Affiliate Agreement to evaluate whether the Affiliate Agreement remains reasonable.
5. The Petitioner will notify the Board if the Affiliate Agreement is altered or terminated within 20 days of such action.
6. The Petitioner shall submit to the Board fully executed copies of the Affiliate Agreement within 20 days of Board approval.

This Order shall be effective on August 24, 2022.

DATED: August 17, 2022

BOARD OF PUBLIC UTILITIES  
BY:


  
JOSEPH L. FIORDALISO  
PRESIDENT

  
MARY ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
CARMEN D. DIAZ  
ACTING SECRETARY

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

IN THE MATTER OF THE PETITION OF SUEZ WATER NEW JERSEY INC. FOR  
APPROVAL OF AN AFFILIATE CONTRACT TO PAINT THE BALD EAGLE VILLAGE  
STORAGE TANK IN WEST MILFORD, NEW JERSEY

DOCKET NO. WO22030134

SERVICE LIST

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