



Agenda Date: 7/19/13

Agenda Item: VA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE NOTICE AND APPROVAL)
OF AFFILIATE AGREEMENT BETWEEN UNITED) ORDER
WATER NEW JERSEY, INC. AND UTILITY SERVICE)
COMPANY, INC.) DOCKET NO. WO12110994

Parties of Record:

Mary T. Campbell, Esq., United Water New Jersey, Inc., for the Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 5, 2012, United Water New Jersey, Inc. ("United" or "Petitioner") filed a petition under N.J.S.A. 48:3-7.1 with the New Jersey Board of Public Utilities ("Board") seeking Board approval for a Water Tank Painting Agreement ("Agreement") between United and its affiliate: Utility Service Company, Inc. ("USC"). The Agreement is for work to be performed on the painting of the Englewood Cliffs Tank located in Englewood Cliffs, New Jersey and the Carlstadt Tank located in Carlstadt, New Jersey. The project is scheduled to start in 2013 pending Board approval, at a cost of \$2,336,100.

Under N.J.S.A. 48:3-7.1:

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."

United services more than 199,000 customers located in the northern and western portions of the State of New Jersey. Specifically, United serves customers in portions of Bergen, Hudson, Hunterdon, Morris, Passaic and Sussex Counties. United also supplies water for resale service to Saddle Brook, Fair Lawn, Saddle River, Allendale, Mahwah, Ramsey and Ridgewood.

USC and United are both subsidiaries of Suez Environment North America, Inc. through multiple levels of successive ownership. USC is a corporation authorized to conduct business in the State of New Jersey, and is one of the largest tank services firm in the country.

United solicited bids from four pre-qualified painting contractors for several of its tanks scheduled for painting. One of the four pre-qualified painting contractors, USC, is an affiliate of the Company. All four contractors were given equal access to the site and all contract materials prior to the receipt of bids. Four independent bids were received for the Englewood Cliffs Tank located in Englewood Cliffs and the Carlstadt Tank located in Carlstadt, both in New Jersey. USC had the lowest bid for the work at the Englewood Cliffs Tank and the Carlstadt Tank. United has tentatively awarded the work to USC pending approval of the affiliate contract by the Board.

By letter dated April 2, 2013, the Division of Rate Counsel filed its comments, stating that it has reviewed the filing and is not opposed to the contract's approval. However, Rate Counsel recommended that the following language be added to the Board Order approving United's Petition: "This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner."

A review of the record indicates that the Agreement involves a fair price from a competitive bid process for the services to be rendered based on the information contained in the filing. United followed typical industry practice in soliciting bids from known, pre-qualified contractors. All of which United had previous experience. USC's price is below the Company engineer's estimate for the work to be performed. USC only won two of the four contracts being awarded for tank painting services. There does not appear to be any collusion, as the information necessary to bid on the projects was made available to all bidders. A Non-Collusion Affidavit was also provided with the Petition. Therefore, the Board **HEREBY FINDS** that the 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 APPROVES** the Agreement between United Water New Jersey and Utility Service Company, Inc. and **HEREBY AUTHORIZES** Utility Service Company, Inc. to render the services outlined in the Agreement for the Englewood Cliffs and Carlstadt Tanks.

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

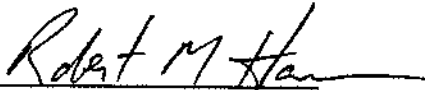
1. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner.
2. 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.
3. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any future proceeding, with respect to rates, franchise, services, financing, accounting, capitalization, depreciation or in any other matters affecting the Company.

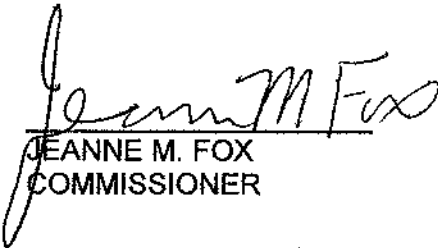
4. Approval of this Petition does not constitute approval by the Board of any costs or expenses associated with this petition. In an appropriate subsequent proceeding, the Petitioner shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
5. The Board reserves the right to conduct future reviews of the Agreement to evaluate whether the Agreement remains reasonable.
6. United Water New Jersey will notify the Board if the Agreement is altered or terminated.
7. Petitioner shall submit to the Board fully executed copies of the Agreement within twenty (20) days of Board approval.

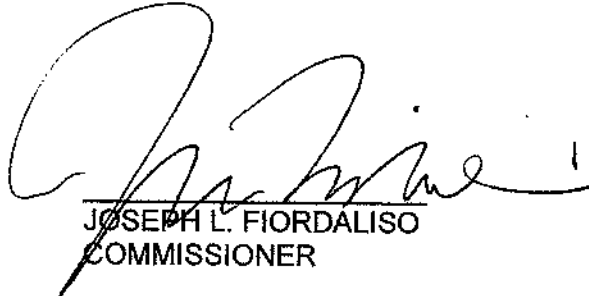
This Order shall be effective on July 29, 2013.

DATED: 9/19/13

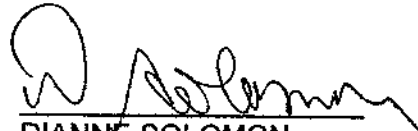
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:


KRISTI IZZO
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 NOTICE AND APPROVAL OF AFFILIATE AGREEMENT BETWEEN
UNITED WATER NEW JERSEY, INC. AND UTILITY SERVICE COMPANY, INC.
DOCKET NO. WO12110994

SERVICE LIST

<p>Mary T. Campbell, Esq. James Glozzy Tony Vicente United Water New Jersey, Inc. 200 Old Hook Road Harrington Park, NJ 07640</p> <p>Stephanie A. Brand, Esq., Director Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-003</p> <p>Debra F. Robinson, Esq. Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-003</p> <p>Bernard Smalls, Legal Associate Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-003</p> <p>Geoffrey Gersten, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102-45029</p> <p>Alex Moreau, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102-45029</p> <p>Veronica Beke, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102-45029</p>	<p>Maria L. Moran, Director Division of Water Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Mike Kammer, Chief Division of Water Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Ken Welch, Acting Chief Division of Water Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Mark Beyer, Chief Economist Office of the Economist Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p>
--	---