



Agenda Date: 6/27/24
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF VEOLIA)
WATER NEW JERSEY INC. FOR APPROVAL OF)
AN AFFILIATE CONTRACT FOR WASTE)
DISPOSAL SERVICES IN NEW JERSEY) ORDER APPROVING AFFILIATE
AGREEMENT
DOCKET NO. WE24030186

Parties of Record:

Bryant Gonzalez, Esq., Attorney for Veolia Water New Jersey, Inc.
Brian Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 19, 2024, Veolia Water New Jersey, Inc. (“VWNJ” or “Company”) petitioned the New Jersey Board of Public Utilities (“Board”), pursuant to N.J.S.A 48:3-7.1, for approval of a contract with Veolia ES Technical Solutions, L.L.C. (“ESS”), a Delaware limited liability company and affiliate of VWNJ, for performance of waste disposal services involving spent treatment media containing per- and polyfluoroalkyl substances (“PFAS”) at the Company’s Wyandotte Water Treatment Plant (“Wyandotte WTP”) and other smaller locations in New Jersey (“Affiliate Agreement”) (“Petition”).¹

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

The American parent company of both ESS and VWNJ is Veolia North America, Inc. (“VNA”), a Delaware corporation. VNA is a direct parent of Veolia Environmental Services North America, L.L.C., a Delaware limited liability company, direct parent of ESS, and the ultimate United States parent of VWNJ. ESS and VNJ share one (1) corporate officer, Michael Algranati, who serves as the Vice President and Treasurer for each entity.

¹ The other treatment sites to be serviced as part of the Affiliate Agreement include the Olde Milford Highview, East Brookwood 2, Highland Lakes, and Sunset Ridge.

PETITION

By the Petition, the Company noted that Mr. Algranati's responsibilities are strictly related to the treasury function of each entity and do not include any involvement with the development, review, selection, or negotiations related to the Affiliate Agreement award.

According to the Petition, ESS is authorized to conduct business in the State of New Jersey and is among the largest environmental services firms in the United States. ESS provides hazardous and regulated waste management services to a wide range of industrial and commercial customers in North America. These services include the testing and characterization, removal, handling, transport, and incineration of spent treatment media containing PFAS.

The Wyandotte WTP, located in Franklin Lakes, New Jersey, consists of two (2) 96-inch diameter PFAS treatment vessels, each with a capacity of 250 feet of media. VWNJ noted that it must engage an appropriate waste hauler to facilitate and maintain compliance with evolving State and federal disposal regulations pertaining to PFAS. Proposals were requested with bids submitted by contractors including ESS and all bidders received identical access to pre-bid material. The bids were sent to four (4) vendors, two (2) of which replied. ESS was the lowest bidder for the testing and characterization, removal, handling, transport, and incineration of spent treatment media containing PFAS.

VWNJ's Procurement and Engineering Departments analyzed bids based on pricing and warranty criteria, and non-financial criteria such as qualifications, safety record, minimum load sizes, and completeness of the proposal. VWNJ awarded ESS the contract for the Wyandotte WTP as well as the other facilities identified in the Affiliate Agreement.

After review of the Petition, Board Staff ("Staff") propounded discovery upon the Company, to which VWNJ timely responded. Upon review of the Company's discovery responses, Staff found that the Company's procurement process was fair, unbiased, and showed no evidence of preferential treatment given to ESS.

By letter dated April 4, 2024, the New Jersey Division of Rate Counsel ("Rate Counsel") filed comments, indicating no objection to Board approval of the Affiliate Agreement, subject to the inclusion of certain conditional language.

DISCUSSIONS AND FINDINGS

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

No management, advisory service, construction or engineering contract that...involves the expenditure of a sum exceeding twenty-five thousand dollars, made by any public utility with...any corporation five per cent of the capital stock of which is owned, held or controlled by a person or corporation owing, holding or controlling...five per cent of the capital stock of such public utility shall be valid or effective until approval in writing by the board.

The board shall disapprove such contract if it determined 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 the recommendations of Staff and Rate Counsel. Concerning the procurement process, the Company noted that the bid process was performed in accordance with corporate policy which requires competitive bidding for all purchases equal to or greater than \$25,000. Competitive procurement requires a minimum of two (2) quotes or bids, but preferably three (3) or more. The record reflects that bids were solicited in an appropriate and fair manner, and Rate Counsel did not dispute the fairness of the Company's procurement process. VWNJ solicited competitive bids from four (4) qualified waste disposal companies. In return, the Company received and evaluated bids from two (2) qualified firms, including a bid from its affiliate, ESS. The same pre-bid information was available to all bidders. 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 Company's procurement process was fair, unbiased and that no preferential treatment was given to its affiliate, ESS.

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 the State of New Jersey or 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. As such, the Board **HEREBY FINDS** that the 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 and **HEREBY AUTHORIZES** ESS to render services outlined in the Affiliate Agreement for waste disposal services in New Jersey.

The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board, or of the State, in any future petition, or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any matter affecting the Company.
2. Approval of the Affiliate Agreement does not constitute approval by the Board of any costs or expenses associated with the Petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the Affiliate Agreement shall be made in an appropriate subsequent proceeding.
3. The Board reserves the right to conduct future reviews of the Affiliate Agreement to evaluate whether the Affiliate Agreement remains reasonable.
4. The Company shall notify the Board if the Affiliate Agreement is altered or terminated within 20 days of any such action.
5. VWNJ shall submit to the Board fully executed copies of the Affiliate Agreement within 20 days of Board approval.

This Order shall be effective on July 3, 2024.

DATED: June 27, 2024

BOARD OF PUBLIC UTILITIES
BY:

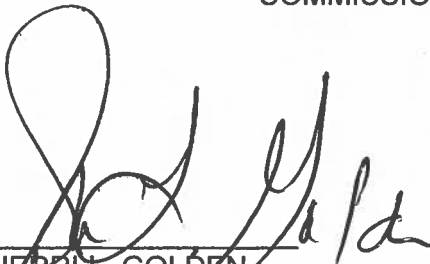

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
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MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRIL L. GOLDEN
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 VEOLIA WATER NEW JERSEY INC. FOR APPROVAL OF AN AFFILIATE
CONTRACT FOR WASTE DISPOSAL SERVICES IN NEW JERSEY

BPU DOCKET NO. WE24030186

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