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BOARD OF PUBLIC UTILITIES
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STEFANIE A. BRAND
Director

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

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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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