



Agenda Date: 9/25/25
Agenda Item: 5C

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)	ORDER APPROVING AFFILIATE
WATER NEW JERSEY INC. FOR APPROVAL OF)	AGREEMENT
AN AFFILIATE CONTRACT FOR MEMBRANE)	
FILTRATION EQUIPMENT SERVICES)	DOCKET NO. WR25060375

Parties of Record:

Brian Yarzab, Esq., Corporate Counsel for Veolia Water New Jersey, Inc.
Brian Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 30, 2025, Veolia Water New Jersey, Inc. ("VWNJ" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.S.A 48:3-7.1, for permission to engage Veolia WTS Systems USA, Inc. ("WTS"), a Massachusetts corporation, to perform startup and other services for the installation of membrane filtration equipment at VWNJ's Bald Eagle Village Wastewater Treatment Plant ("BEV WWTP") and Birch Hill Wastewater Treatment Plant ("BH WWTP") ("collectively, "WWTPs") in New Jersey. By this Decision and Order, the Board considers whether to approve VWNJ's request to enter into an affiliate agreement with WTS for startup and other services related to installation of membrane filtration equipment at the WWTPs ("Agreement").

BACKGROUND

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 262,000 water and approximately 6,300 sewer customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren Counties in the State of New Jersey.

WTS is an affiliate of VWNJ. Veolia Environment S.A. ("VE") is the parent company of both WTS and VWNJ and is the direct parent of Vigie Groupe SAS the direct parent of Veolia Water Technologies & Solutions SA, which is direct parent of Veolia Water Technologies Treatment Solutions USA, Inc. ("VWTS"), which is the ultimate United States parent of WTS. VE is also the direct parent of Veolia North America, Inc., the United States parent of VWNJ.

Petition

According to the Petition, WTS is authorized to conduct business in the State of New Jersey and has years of operating experience in the United States. WTS has the largest hollow fiber membrane manufacturing capacity in the world and its services involve developing, designing, and supporting water and wastewater treatment solutions using membrane technologies, including the design, manufacture, and supply of membranes, modules, and cassettes. In connection therewith, WTS offers startup, commissioning, performance testing, and training services, together with product support.

By the Petition, the Company explained that the scope of work for the Agreement involves the furnishing for installation by others, testing, training, startup, and warranty support of all equipment required for a membrane bioreactor ("MBR") system for the treatment of wastewater at the WWTPs.

The WWTPs each feature a submerged MBR system for the treatment of wastewater, both needing replacement. The Company explained that it has entered into an administrative consent order agreement with New Jersey Department of Environmental Protection with deadlines requiring expediency in executing the Agreement. For the BH WWTP, the MBR process and equipment will consist of two (2) parallel treatment trains each capable of meeting the plant design flow. For the BEV WWTP, the MBR's process and equipment will also consist of two (2) parallel treatment trains, each capable of meeting the plant design flow. BEV WWTP will also include one (1) MBR process and equipment for sludge thickening. The Company indicated that it sent requests for bids to perform the scope of work contained in the Agreement to four (4) vendors, including WTS, two (2) of which replied with bid proposals and clarifications.

VWNJ's Procurement and Engineering Departments analyzed bids based on pricing and warranty criteria; adjustments for pricing for equivalent equipment and scope; and non-financial criteria such as qualifications, safety record, minimum load sizes, and completeness of proposal. VWNJ 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. VWNJ solicited competitive bids from three (3) qualified companies, in addition to WTS, and indicated that all bidders had access to the same pre-bid information. The Company indicated that it subsequently received and evaluated bids from two (2) qualified firms, including a bid from its affiliate WTS.

By letter dated August 28, 2025, the New Jersey Division of Rate Counsel ("Rate Counsel") filed comments in this matter, identifying that WTS has already begun work so any approval of the Agreement would be *nunc pro tunc*. However, Rate Counsel indicated no objection to Board approval of the Agreement, subject to the inclusion of certain conditional language.

DISCUSSION 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 Rate Counsel's comments. The record also indicates that the 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, WTS, despite WTS having begun work pursuant to the proposed Agreement prior to Board approval.

Therefore, in accordance with N.J.S.A 48:3-7.1, the Board **HEREBY FINDS** that the 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 Agreement is in the public interest and will facilitate the Company's ability to provide safe, adequate, and proper utility service at just and reasonable rates.

The Board **HEREBY APPROVES** the Agreement, *nunc pro tunc*, and **HEREBY AUTHORIZES** WTS to render services outlined in the Agreement for membrane filtration equipment services at the BEV WWTP and the BH WWTP.

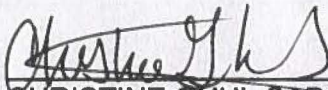
The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not affect or in any way limit the Board's, or State's, exercise of authority 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 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 Agreement shall be made in an appropriate subsequent proceeding.
3. The Board reserves the right to conduct future reviews of the Agreement to evaluate whether the Agreement remains reasonable.
4. The Company must provide an update to Board and Rate Counsel once the project has been completed and the status of whether the project has qualified for 100% federal income tax depreciation for water utility property pursuant to provisions in the OBBB.
5. The Company shall notify the Board if the Agreement is altered or terminated within twenty (20) days of any such action.
6. VWNJ shall submit to the Board fully executed copies of the Agreement within twenty (20) days of Board approval.

This Order shall be effective on October 2, 2025.

DATED: September 25, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD 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 MEMBRANE FILTRATION EQUIPMENT SERVICES

BPU DOCKET NO. WR25060375

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