



June 4, 2018

**VIA ELECTRONIC FILING**

**David P. Zambito**

Direct Phone 717-703-5892  
Direct Fax 215-989-4216  
dzambito@cozen.com

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
Harrisburg, PA 17120

**Re: Request of SUEZ Water Pennsylvania Inc. (Wastewater Operations) Under Sections 2102(a) and 2102(b) of the Pennsylvania Public Utility Code for Approval of an Agreement with an Affiliated Corporation, Docket No. G-2018-\_\_\_\_\_**

**REQUEST FOR APPROVAL OF AFFILIATED INTEREST AGREEMENT (Affiliated Sector Agreement)**

Dear Secretary Chiavetta:

On June 1, 2018, SUEZ Water Pennsylvania Inc. ("SUEZ") filed an Affiliated Interest Agreement (Affiliated Sector Agreement) and requested approval of that agreement for both SWPA's water and wastewater operations. At the request of Commission staff, enclosed for filing with the Commission is an Affiliated Interest Agreement (Affiliated Sector Agreement) solely for SWPA's wastewater operations. It is SWPA's understanding that last week's filing will be considered a request for approval of the Affiliated Sector Agreement solely for SWPA's water operations. A copy of this document has been served in accordance with the attached Certificate of Service.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR

By: David P. Zambito  
Counsel for *SUEZ Water Pennsylvania Inc.*

DPZ:kmg  
Enclosure

cc: Per Certificate of Service

**CERTIFICATE OF SERVICE**

Request of SUEZ Water Pennsylvania Inc. :  
(Wastewater Operations) Under Sections 2102(a) :  
and 2102(b) of the Pennsylvania Public Utility : Docket No. G-2018-\_\_\_\_\_  
Code for Approval of an Agreement with an :  
Affiliated Corporation (Affiliated Sector :  
Agreement) :

I hereby certify that I have this day served a true copy of the foregoing Request for Approval of Affiliated Interest Agreement (Affiliated Sector Agreement) of SUEZ Water Pennsylvania Inc. (wastewater operations), upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA FIRST CLASS MAIL:**

Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17120

Office of Small Business Advocate  
Commerce Building, Suite 202  
300 North Second Street  
Harrisburg, PA 17101-1303

Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923

Paul T. Diskin, Director  
Bureau of Technical Utility Services  
Pennsylvania Public Utility Commission  
400 North Street, 3rd Floor West  
Harrisburg, PA 17120

DATED: June 4, 2018



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David P. Zambito, Esquire  
Counsel for *SUEZ Water Pennsylvania Inc.*

**VERIFICATION**

I, James C. Cagle, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date:

5/23/2018



\_\_\_\_\_

PRINTED NAME: James C. Cagle  
TITLE: Vice President, Rates and Regulatory Affairs  
COMPANY: SUEZ Water Management & Services  
Inc.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Request of SUEZ Water Pennsylvania Inc. :  
Wastewater Operations) Under Sections 2102(a) :  
and 2102(b) of the Pennsylvania Public Utility : Docket No. G-2018-\_\_\_\_\_  
Code for Approval of an Agreement with an :  
Affiliated Corporation (Affiliated Sector :  
Agreement) :

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**REQUEST FOR APPROVAL OF  
AFFILIATED INTEREST AGREEMENT  
(AFFILIATED SECTOR AGREEMENT)**

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NOW COMES SUEZ Water Pennsylvania Inc. (wastewater operations, Utility Code 230077) (“SWPA”), by and through counsel, Cozen O’Connor, and files this request, pursuant to Sections 2102(a) and 2102(b) of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 2102(a), 2102(b), for approval by the Pennsylvania Public Utility Commission (“Commission”) of an agreement with affiliated entities, specifically, an Affiliated Sector Agreement with the following affiliated entities: SUEZ Water New Jersey Inc.; SUEZ Water New York Inc.; SUEZ Water Toms River Inc.; SUEZ Water Westchester Inc.; SUEZ Water Arlington Hills Sewerage Inc.; SUEZ Water West Milford Sewerage Inc.; SUEZ Water Owego-Nichols Inc.; SUEZ Water Rhode Island Inc.; SUEZ Water Princeton Meadows Inc.; SUEZ Water Matchaponix Inc.; SUEZ Water Bethel Inc.; SUEZ Water Idaho Inc.; SUEZ Water Delaware Inc.; SUEZ Water South County Sewer Inc.; Corwick Realty Corporation; SUEZ Water Sewer Services Inc.; SUEZ Water Resources, Inc.; SUEZ Water Operations Inc.; and, SUEZ Water Management & Services Inc. (“SWM&S”) (together with SWPA, the “Parties”). In support of its request, SWPA states as follows:

## I. INTRODUCTION

1. SWPA is a certificated Pennsylvania public utility providing wastewater service (Utility Code 230077) to the public in the Township of South Centre, Columbia County, Pennsylvania. SWPA also provides water service (Utility Code 210013) to the public in portions of Dauphin, Cumberland, Perry, York, Luzerne, Wyoming, Columbia, Montour, and Schuylkill Counties, Pennsylvania pursuant to certificates of public convenience at Docket Nos. A-210013 *et al.*<sup>1</sup>

2. SWPA, SUEZ Water New Jersey Inc., SUEZ Water New York Inc., SUEZ Water Toms River Inc., SUEZ Water Westchester Inc., SUEZ Water Arlington Hills Sewerage Inc., SUEZ Water Owego-Nichols Inc., SUEZ Water West Milford Sewerage Inc., SUEZ Water Rhode Island Inc., SUEZ Water Princeton Meadows Inc., SUEZ Water Matchaponix Inc., SUEZ Water Bethel Inc., SUEZ Water Idaho Inc., SUEZ Water Delaware Inc., SUEZ Water South County Sewer Inc., Corwick Realty Corporation, SUEZ Water Sewer Services Inc., and SUEZ Water Operations Inc. are each direct subsidiaries of SUEZ Water Resources Inc.

3. SUEZ Water Resources Inc. is a wholly owned subsidiary of SUEZ Water Inc., which is in turn a wholly-owned subsidiary of SUEZ North America Inc. (“SNA”).<sup>2</sup> SNA is a water utility holding company with operating utility subsidiaries throughout the United States.

4. SWM&S, like SUEZ Water Resources Inc., is a wholly owned subsidiary of SUEZ Water Inc.

5. As a result, all of the Parties are affiliated entities. 66 Pa. C.S. § 2101.

6. A chart showing the relationship between the Parties and SNA is attached hereto as **Appendix A**.

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<sup>1</sup> A full list of all communities in which SWPA provides water service can be found on page 5 of its water tariff (Water – Pa. P.U.C. No. 7).

<sup>2</sup> SNA is a wholly owned subsidiary of Suez Environnement Inc., a publicly traded company based in France.

## II. AFFILIATED INTEREST AGREEMENT

7. The Parties executed the Affiliated Sector Agreement (“Agreement”) dated as of June 1, 2018. A true and correct copy of the Agreement is attached hereto as **Appendix B**.

8. The Parties are organized on a geographical sector concept in which each of the utilities can provide certain operational and management support for other utilities within the sector, as needed.

9. Article I of the Agreement requires each Party to make qualified employees available to furnish general management and operations services to the other Parties, as needed and agreed, and requires each Party to utilize those qualified employees, as needed and agreed.

10. The Party receiving services will pay the Party providing services the lower of (a) the cost (which is determined based on the hours spent by the employees providing services, and their salaries, plus a percentage to cover the general overhead of the Party providing services (*i.e.*, pension and insurance premiums, payroll taxes and other appropriate costs)), or (b) the cost of obtaining comparable services on the market.

11. SWM&S will serve as the Administrative Agent. Each month, it will provide accounting reports of amounts billed to the Parties receiving services.

12. The Parties are free to enter into similar agreements with other affiliated entities, but may not enter into such agreements on more favorable terms than those in the Agreement.

13. Article II Section 5 of the Agreement states that the Agreement is dependent upon and subject to receiving required regulatory approvals, which include Commission approval of the instant filing.

14. The Agreement is for an indefinite term. It terminates automatically with respect to any Party if that entity ceases to be a direct or indirect affiliate of SUEZ Water Resources Inc. In addition, any Party may withdraw upon ninety days advance notice, but the Agreement continues in full force and effect with respect to any remaining Parties.

15. The Agreement contains various other contract provisions which are reasonable and customary for this type of agreement.

16. Through the Agreement, SWPA seeks to obtain necessary operations and management support services at reasonable prices in order to continue to provide adequate, efficient, safe and reasonable services and facilities to its ratepayers.

### **III. STANDARD OF REVIEW**

17. “The commission shall approve such [affiliated interest] contract or arrangement . . . if it shall clearly appear and be established upon investigation that it is reasonable and consistent with the public interest.” 66 Pa. C.S. § 2102(b).

### **IV. AGREEMENT IS REASONABLE AND IN THE PUBLIC INTEREST**

18. The Agreement will not adversely impact service to ratepayers. In fact, it will improve service to ratepayers. The same experienced employees who currently provide day-to-day management, operation, and maintenance services to SWPA locally will continue to provide those services. Those employees, however, will have available to them operational and managerial support services from qualified and knowledgeable personnel who work for the other Parties, in a timely manner, at reasonable prices. Having this support available, in the event it is

needed, will enhance SWPA's ability to continue providing safe, adequate, and reliable wastewater service in its certificated service territory.

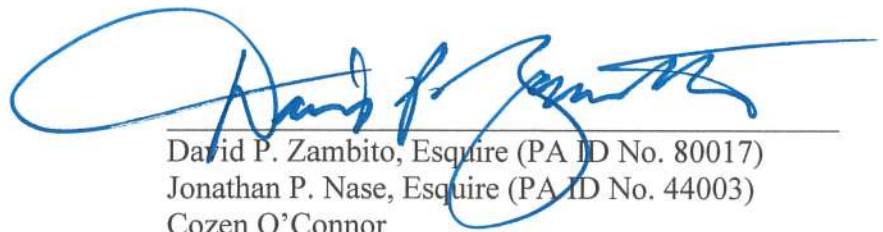
19. In the event that SWPA personnel provide operational and management support services to other Parties, SWPA's ratepayers will not be adversely impacted because SWPA will receive reasonable compensation for the time that its employees devote to the assistance of other Parties.

20. Based on the foregoing, the Agreement is reasonable and consistent with the public interest and therefore, should be approved by the Commission.

#### V. REQUEST FOR RELIEF

WHEREFORE, for the reasons set forth herein, SUEZ Water Pennsylvania Inc. (wastewater operations) respectfully requests that the Pennsylvania Public Utility Commission approve the Agreement attached hereto as **Appendix B** as reasonable and consistent with the public interest and otherwise in compliance with the requirements of Sections 2102(a) and 2102(b) of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 2102(a) and 2102(b).

Respectfully submitted,



David P. Zambito, Esquire (PA ID No. 80017)  
Jonathan P. Nase, Esquire (PA ID No. 44003)  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101  
Telephone: (717) 703-5892  
Facsimile: (215) 989-4216  
E-mail: dzambito@cozen.com  
jnase@cozen.com

Dated: June 4, 2018

Counsel for *SUEZ Water Pennsylvania Inc.*

## **Appendix A**



## **Appendix B**

## AFFILIATED SECTOR AGREEMENT

This Agreement, dated June 1, 2018 is made and entered into by and among SUEZ Water New Jersey Inc., SUEZ Water New York Inc., SUEZ Water Toms River Inc., SUEZ Water Westchester Inc., SUEZ Water Idaho Inc., SUEZ Water Pennsylvania Inc., SUEZ Water Delaware Inc., SUEZ Water Rhode Island Inc., SUEZ Water Owego-Nichols Inc., SUEZ Water Bethel Inc., SUEZ Water Arlington Hills Inc., SUEZ Water West Milford Inc., SUEZ Water Princeton Meadows Inc., SUEZ Water Matchaponix Inc., SUEZ Water South County Sewer Inc., Corwick Realty Corporation, SUEZ Water Sewer Services Inc., and SUEZ Water Operations Inc., each on behalf of itself and each of its respective present and future direct and indirect subsidiaries (each a "Party" and collectively, the "Parties") and SUEZ Water Management and Services Inc., as Administrative Agent (hereinafter defined) (the "Agreement").

### WITNESSETH

WHEREAS, SUEZ Water New Jersey Inc. ("SWNJ"), SUEZ Water New York Inc., SUEZ Water Toms River Inc. ("SWTR"), SUEZ Water Westchester Inc. ("SWWC"), SUEZ Water Idaho Inc. ("SWID"), SUEZ Water Pennsylvania Inc. ("SWPA"), SUEZ Water Delaware Inc. ("SWDE"), SUEZ Water Rhode Island Inc. ("SWRI"), SUEZ Water Owego-Nichols Inc. ("SWON"), SUEZ Water Bethel Inc. ("SWBE"), SUEZ Water Arlington Hills Inc. ("SWAH"), SUEZ Water West Milford Inc. ("SWWM"), SUEZ Water Princeton Meadows Inc. ("SWPM"), SUEZ Water Matchaponix Inc. ("SWMA"), SUEZ Water South County Sewer Inc. ("SWSC"), Corwick Realty Corporation, SUEZ Water Sewer Services Inc. ("SWSS"), and SUEZ Water Operations Inc. ("SWO") are each direct subsidiaries of SUEZ Water Resources Inc. ("SWR"), a Delaware corporation, with offices at 461 From Road, Paramus, New Jersey 07652.

WHEREAS, the Parties are organized based on a geographical sector concept in which each of the utilities can provide certain operational and management support for other utilities within the sector, on an as needed basis. Each Party maintains an organization whose officers and employees are familiar with all facets of the water utility business. Such officers and employees are qualified to render the services to be performed under this Agreement.

WHEREAS, individually, a Party can economically obtain valuable management and/or operating services of superior quality by contracting to secure the same from the other Parties.

WHEREAS, services to be rendered under this Agreement are to be rendered to the receiving Party at the providing Party's cost, as hereinafter provided.

WHEREAS, each Party has a Service Agreement with SUEZ Water Management and Services Inc. ("SUEZ M&S"), which, if required, is on file with and/or been approved by the appropriate regulatory agencies, and which provide for a broader scope of service functions to each party utilizing SUEZ M&S resources. Services rendered pursuant to this Agreement will not be duplicative of those rendered pursuant to the Service Agreements with SUEZ M&S. The Parties have determined that SUEZ M&S shall serve as the administrative agent ("Administrative Agent") pursuant to this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Parties hereto agree as follows:

#### ARTICLE I.

1. Parties shall make qualified employees available to furnish to other Parties as needed and agreed, and the receiving Party shall utilize, as needed and agreed, general management and operations services upon the terms and conditions hereinafter set forth. Such services are not intended to replace those services provided under the SUEZ Water M&S Service Agreements.
2. Each Party shall have the right, at its sole discretion, to refuse to provide or furnish any services requested pursuant to this Agreement; there shall be no exclusive right or right of first refusal associated with the provision or furnishing of such services pursuant to this Agreement; and receiving a refusal from another Party to a request under this Agreement shall not be a prerequisite for any Party to obtain from an independent third party any service which is or could be provided or furnished under this Agreement. Refusals or requests by any Party under this Agreement shall not terminate all or any portion of this Agreement.
3. Parties providing services under this Agreement (each a "Providing Party") and Parties receiving any service under this Agreement (each a "Receiving Party") may establish and document their mutual expectations and requirements with respect to any particular service to be rendered hereunder.

#### ARTICLE II

1. In consideration for the services to be rendered by the Providing Party(ies) as hereinabove provided, Receiving Party(ies) agree to pay to the providing Party(ies)

the lower of (a) the cost thereof, determined as provided in this Article II and in Article III or (b) the cost of obtaining comparable services on the market.

2. To the extent practicable, service rendered by the Providing Party(ies) personnel for the Receiving Party(ies) shall be based on actual time spent by such personnel, as reflected in their respective time sheets or by other mutually acceptable means of determination, and shall be charged directly to the Receiving Party(ies). Additionally, direct costs incidental to the provision of such services may be charged directly to the receiving party.
3. In determining the cost to be assessed by Providing Party(ies) for the rendering of services to the Receiving Party(ies) herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of the providing Party(ies) properly allocable thereto. Such percentage shall be calculated on the basis of budgeted costs and will be adjusted periodically to reflect actual costs.
4. The term "general overhead" shall include (a) pension and insurance premiums paid for the benefit of the Providing Party(ies)' employee(s); (b) salaries paid during vacation, holidays, sickness, and other authorized absences; (c) social security and other payroll-related taxes; and (d) other costs as appropriately includible.

### ARTICLE III

1. As soon as practicable after the last day of each month, the Administrative Agent will provide accounting reports billed to the Receiving Party(ies) for all amounts recorded from the Providing Party(ies) for services and expenses for such month, computed pursuant to Article II.
2. It is understood that the Parties may enter into similar agreements with other Companies that are affiliated with SWR to which similar services are to be furnished and shall seek appropriate regulatory approval for such agreements. Parties will not enter into agreements to perform similar services for other affiliated companies not party to this agreement on terms more favorable than those provided herein.
3. Each Party shall maintain adequate books and records with respect to all of its transactions under this Agreement and shall record the costs to be allocated to any Party hereunder in appropriate accounts in its general ledger system. The Parties shall each maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with the terms and provisions of this Agreement.

4. Parties agree to keep their books and records available for inspection by representatives of other Parties to this Agreement and by regulatory bodies having jurisdiction over the respective Parties with regard to information pertaining to services rendered hereunder.
5. Providing Parties shall at any time, upon request of Receiving Party(ies), furnish any and all information required by the Receiving Party(ies) with respect to the services rendered hereunder and the cost thereof.
6. This Agreement shall be in full force and effect as of the date first identified above, subject, with respect to any Party, to any necessary approval of governmental regulatory agencies having jurisdiction in the premises. This Agreement shall continue in full force and effect with respect to a Party until terminated by any Party hereto giving the other Party(ies) hereto ninety days' notice in writing; provided, however, should any Party cease to be a direct or indirect affiliate of SWR, this Agreement shall terminate as to that Party's participation in the Agreement, as of the date the Party ceases to be a direct affiliate of SWR. For the avoidance of doubt, a Party may withdraw from the Agreement upon ninety days' notice but the Agreement shall continue in full force and effect with respect to the remaining Parties.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

**SUEZ Water New Jersey Inc.**

By:  \_\_\_\_\_

Name: Mark McKoy

Title: Vice President and General Manager

**SUEZ Water Arlington Hills Sewerage Inc.**

By:  \_\_\_\_\_

Name: Mark McKoy

Title: Vice President and General Manager

**SUEZ Water West Milford Sewerage Inc.**

By:  \_\_\_\_\_

Name: Mark McKoy

Title: Vice President and General Manager

**SUEZ Water Princeton Meadows Sewerage Inc.**

By:  \_\_\_\_\_

Name: Mark McKoy

Title: Vice President and General Manager

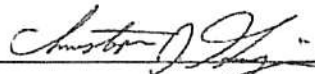
**SUEZ Water New York Inc.**

By: 

Name: Christopher Graziano

Title: Vice President and General Manager

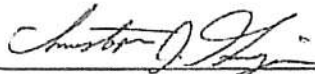
**SUEZ Water Westchester Inc.**

By: 

Name: Christopher Graziano

Title: Vice President and General Manager

**SUEZ Water Owego Nichols Inc.**

By: 

Name: Christopher Graziano

Title: Vice President and General Manager

**SUEZ Water Rhode Island Inc.**

By: 

Name: Christopher Graziano

Title: Vice President and General Manager

**SUEZ Water South County Sewer Inc.**

By: 

Name: Christopher Graziano

Title: Vice President and General Manager

**SUEZ Water Pennsylvania Inc.**

By: John D. Hollenbach

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Bethel Inc.**

By: John D. Hollenbach

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Delaware Inc.**

By: John D. Hollenbach

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Toms River Inc.**

By: John D. Hollenbach

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Matchaponix Inc.**

By: John D. Hollenbach

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Resources Inc.**

By: David Stanton

Name: David Stanton

Title: President

**SUEZ Water Operations Inc.**

By: David Stanton

Name: David Stanton

Title: President

**SUEZ Water Corwick Realty Inc.**

By: David Stanton

Name: David Stanton

Title: President

**SUEZ Water Sewer Services Inc.**

By: David Stanton

Name: David Stanton

Title: President

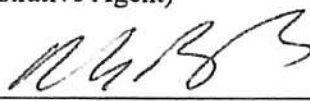
**SUEZ Water Idaho Inc.**

By:  \_\_\_\_\_

Name: Greg Wyatt

Title: Vice President and General Manager

**SUEZ Water Management and Services Inc.**  
(As Administrative Agent)

By:  \_\_\_\_\_

Name: Mathieu LeBouhris

Title: Chief Financial Officer