



June 4, 2018

**David P. Zambito**

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

**VIA ELECTRONIC FILING**

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 (Money Pool Agreement)**

Dear Secretary Chiavetta:

On June 1, 2018, SUEZ Water Pennsylvania Inc. ("SUEZ") filed an Affiliated Interest Agreement (Money Pool 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 (Money Pool 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 Money Pool 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

LEGAL\36481593\1

## 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 (Money Pool Agreement) :

I hereby certify that I have this day served a true copy of the foregoing Request for Approval of Affiliated Interest Agreement (Money Pool 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:

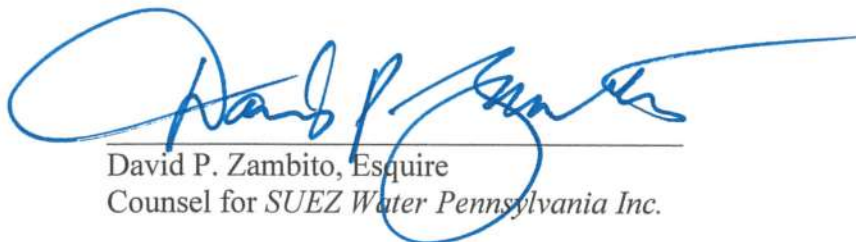
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17120

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


  
\_\_\_\_\_  
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:

5/30/2018



\_\_\_\_\_

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 (Money Pool Agreement) :

---

**REQUEST FOR APPROVAL OF  
AFFILIATED INTEREST AGREEMENT  
(MONEY POOL AGREEMENT)**

---

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, a Money Pool 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 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 Resources Inc.; SUEZ Water South County Sewer Inc.; Corwick Realty Corporation; SUEZ Water Sewer Services 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 under 66 Pa. C.S. § 2101.

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

---

<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 Money Pool Agreement (“Agreement”), which is dated as of June 1, 2018. A true and correct copy of the Agreement is attached hereto as **Appendix B**.

8. The Agreement creates a centralized bank account (the “Money Pool”), administered by SWM&S (the “Administrative Agent”). Each of the Parties will deposit all of their receivables into the Money Pool daily. The short-term borrowing needs and the working capital requirements of the Parties will first be met through disbursements from the Money Pool. Such disbursements are not intended to be loans and will not accrue interest.

9. If the funds in the Money Pool are insufficient to meet daily disbursements, SWR will draw on its available lines of credit in an amount sufficient to meet the Parties’ daily disbursements. Any resulting interest charges will be allocated based on each Parties’ percentage of overall capital net of cash.

10. If there is excess cash in the Money Pool after daily disbursements have been made, SWR will reduce short term borrowings, on a consolidated basis. The goal of the Money Pool is to maintain a near-zero balance in the centralized bank.

11. The Administrative Agent will perform a monthly reconciliation of Money Pool funds. In addition, the Administrative Agent will perform an annual reconciliation of Money Pool funds, such that any material positive balance in each Parties’ cash account will be divided up to that entity’s parent and any material negative balance will result in an additional equity investment by that entity’s parent, such that each entity’s cash account will be approximately zero annually.

12. The Administrative Agent will be responsible for the operation of the Money

Pool, including record keeping, periodic reporting, and coordination of disbursements. The Administrative Agent will administer the Money Pool on an “at cost” basis.

13. Under Sections 3.04 and 3.05 of the Agreement, the Agreement is dependent upon and subject to receiving required regulatory approvals, which include Commission approval of the instant filing.

14. The term of the Agreement is 364 days. At the end of each 364 day term, the Agreement is automatically renewed unless any Party elects to terminate its participation in the Agreement. Written notice of termination is to be given to the Administrative Agent.

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 reduce borrowing costs in order to capture savings for itself and, by extension, 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. Approval of the Agreement is necessary and proper because the centralized bank arrangement will enable SWPA to reduce borrowing costs, thereby reducing over-all costs without adversely impacting SWPA’s continuing provision of safe, adequate, and reliable wastewater service in its certificated service territory.

19. SWPA's ratepayers will inevitably benefit from the above-described cost savings, through the mitigation of future rate increases.

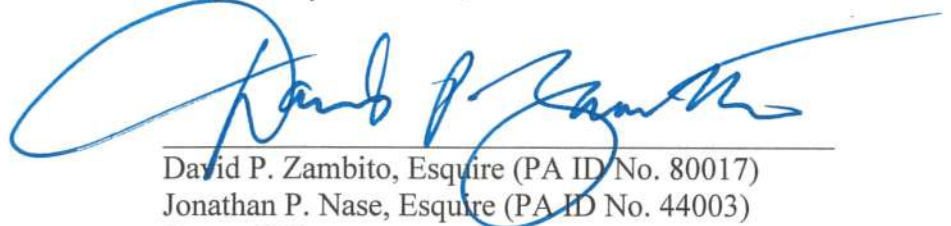
20. The Agreement will not adversely impact service to ratepayers because the same experienced employees who currently provide day-to-day management, operation, and maintenance services to SWPA locally will continue to provide those services.

21. 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**

## MONEY POOL AGREEMENT

This Money Pool Agreement (the "Agreement"), dated as of 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 Sewerage Inc., SUEZ Water West Milford Sewerage Inc., SUEZ Water Princeton Meadows Inc., SUEZ Water Matchaponix Inc., SUEZ Water South County Sewer Inc., Corwick Realty Corporation, SUEZ Water Sewer Services Inc., SUEZ Water Operations Inc., SUEZ Water Resources, Inc. ("SWR"), and SUEZ Water Management and Services Inc. (as Administrative Agent) each on behalf of itself and each of its respective present and future direct and indirect subsidiaries (each a "Party" and collectively, the "parties").

WITNESSETH:

WHEREAS, the Parties desire to establish a money pool (the "Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the Parties have determined that SUEZ Water Management and Services Inc. shall serve as the administrative agent ("Administrative Agent") for the Money Pool; and

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

### ARTICLE I FUNDING AND DISBURSEMENTS

#### **Section 1.01-Funding of Money Pool**

- a) Subject to applicable regulatory restrictions, if any, each Party will deposit all of its receivables into a centralized bank account (i.e., the Money Pool) administered by the Administrative Agent. The cash receipts of each Party will be cleared through the centralized bank account on a daily basis, which will result in immediate availability of cash to each Party.

#### **Section 1.02 - Disbursements from Money Pool**

- a) Disbursements will be made in the normal course of business via check or wire from the centralized bank account. Short-term borrowing needs of the Parties and working capital requirements will be met by funds in the Money Pool, subject to the availability of funds and the limitations and conditions set forth herein and in any applicable orders, rules or regulations promulgated by any state regulatory agency(ies), applicable to this Agreement or the transactions contemplated herein.
- b) Money Pool disbursements from the centralized bank account are not intended to be loans.

#### **Section 1.03 - Source of Funds**

- a) Each Party's daily short-term cash and working capital needs will first be met through the Parties' receivables deposited into the centralized bank account (i.e., the Money Pool). If the

Money Pool funds in the centralized bank account are insufficient to meet daily disbursements, SWR will draw on its available lines of credit in a sufficient amount to meet the Parties' daily disbursements. If there is excess cash after daily disbursements have been made, SWR will reduce short term borrowings, on a consolidated basis.

- b) The goal of the Money Pool is to maintain a near zero balance in the centralized bank account.

#### **Section 1.04 - Monthly Reconciliation of Money Pool Funds**

- a) The Administrative Agent shall administer the Money Pool by matching up on a monthly basis, to the extent possible, the total of all deposits into the Money Pool from SWR and its direct and indirect subsidiaries (collectively, the "SWR Entities") to the total short-term cash and working capital requirements of the SWR Entities. To the extent the total monthly deposits from the SWR Entities are insufficient to meet the total short-term cash and working capital requirements of the SWR Entities, SWR may contribute proceeds to the Money Pool from the following: capital contributions or open account advances made by any direct or indirect parent company; available lines of credit; or bank borrowings or the sale of commercial paper. In no event shall such proceeds be used for the short-term cash and working capital requirements of any entities other than the SWR entities.

#### **Section 1.05 - Annual Reconciliation of Money Pool Funds.**

- a) On an annual basis, any material positive balance in each Party's cash account shall be divided up to such Party's parent and any material negative balance shall result in an additional equity investment by such Party's parent, such that each Party's cash account will be brought to approximately zero annually subject to any regulatory reporting requirements.

#### **Section 1.06 - Interest**

- a) Disbursements from the Money Pool will not accrue interest.
- b) The allocation of any interest charges associated with bank borrowings or the sale of commercial paper pursuant to Sections 1.03(a), and 1.04 will be based on each Party's percent of overall capital net of cash, which will be determined on an annual basis.

## **ARTICLE II OPERATION OF MONEY POOL**

#### **Section 2.01 - Operation**

- a) Operation of the Money Pool, including record keeping and coordination of disbursements, will be handled by the Administrative Agent. The Administrative Agent shall be responsible for maintaining records of all contributions and disbursements and shall prepare periodic reports thereof for the Parties. All Money Pool transactions shall be evidenced by book entries. The Administrative Agent will administer the Money Pool on an "at cost" basis. Separate records shall be kept by the Administrative Agent for the Money Pool established by this Agreement and any other money pool administered by the Administrative Agent.

**ARTICLE III  
MISCELLANEOUS**

**Section 3.01-Term and Termination**

- a) The term of this Agreement shall be 364 days. Upon the expiration of each 364 day term, this Agreement shall be automatically renewed for an additional term of 364 days; provided, that, such renewal term shall not apply to any Party that elects to terminate its participation in this Agreement.
- b) Any Party may terminate its participation in the Money Pool by providing written notice of termination to the Administrative Agent.

**Section 3.02 – Amendments**

- a) This Agreement may be amended by the Parties hereto at any time by execution of an instrument in writing signed on behalf of each of the Parties hereto, subject to all applicable approvals by any regulatory agency(ies) having jurisdiction.

**Section 3.03 - Legal Responsibility**

- a) Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

**Section 3.04 – Participation**

- a) No Party to this Agreement shall be obligated to participate in any transaction contemplated herein if the cost to be charged to such Party in connection with such transaction differs from the amount of the charges such Party is permitted to incur under any statute applicable to such Party or under the rules, regulations or orders any state public utility commission or its equivalent having jurisdiction over such Party. Each Party's participation in the transactions contemplated herein is subject to regulatory approval, as applicable.

**Section 3.05 – Regulatory Approval**

- a) This agreement is dependent upon and subject to receiving required regulatory approvals.

**Section 3.06 – Counterparts**

- a) This Agreement may be executed in multiple counterparts, each of which shall be considered an original.

**[Signatures begin on following page]**

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

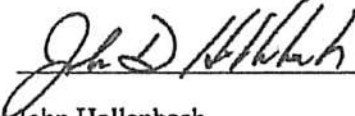
**SUEZ Water Pennsylvania Inc.**

By: 

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Bethel Inc.**

By: 

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Delaware Inc.**

By: 

Name: John Hollenbach

Title: Vice President and General Manager

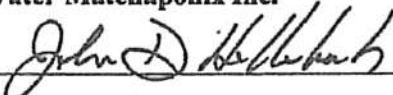
**SUEZ Water Toms River Inc.**

By: 

Name: John Hollenbach

Title: Vice President and General Manager

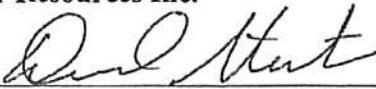
**SUEZ Water Matchaponix Inc.**

By: 

Name: John Hollenbach

Title: Vice President and General Manager

**SUEZ Water Resources Inc.**

By: 

Name: David Stanton

Title: President

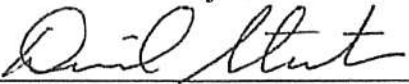
**SUEZ Water Operations Inc.**

By: 

Name: David Stanton

Title: President

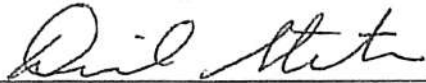
**SUEZ Water Corwick Realty Inc.**

By: 

Name: David Stanton

Title: President

**SUEZ Water Sewer Services Inc.**

By: 

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