

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of SUEZ Water Pennsylvania Inc. under :
Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa :
C.S. § 1102(a), for approval of (1) the transfer, by sale, of :
substantially all of the Township of Mahoning’s assets, : Docket No. A-2018-_____
properties and rights related to its wastewater collection and :
conveyance system to SUEZ Water Pennsylvania Inc., and (2) :
the rights of SUEZ Water Pennsylvania Inc. to begin to offer or :
furnish wastewater collection and conveyance service to the :
public in portions of the Townships of Mahoning, Cooper and :
Valley, Montour County, Pennsylvania :

In re: Application of SUEZ Water Pennsylvania Inc. under :
Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. :
C.S. § 1329, for approval of the use for ratemaking purposes of : Docket No. A-2018-_____
the lesser of the fair market value or the negotiated purchase :
price of the Township of Mahoning’s assets related to its :
wastewater collection and conveyance system :

Petition of SUEZ Water Pennsylvania Inc., related to its :
acquisition of the Township of Mahoning’s assets related to its :
wastewater collection and conveyance system, for approval :
under Section 1329 of the Pennsylvania Public Utility Code, 66 :
Pa. C.S. § 1329, to (i) for book and ratemaking purposes, accrue : Docket No. P-2018-_____
Allowance for Funds Used During Construction for post- :
acquisition improvements not recovered through a distribution :
system improvement charge, and (ii) for book and ratemaking :
purposes, defer depreciation related to post-acquisition :
improvements not recovered through a distribution system :
improvement charge :

In re: Filing by SUEZ Water Pennsylvania Inc. under Section :
507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, : Docket Nos. U-2018-_____,
of (i) the Asset Purchase Agreement Between SUEZ Water : U-2018-_____, U-2018-_____,
Pennsylvania Inc. and the Township of Mahoning, and (ii) four : U-2018-_____, and U-2018-_____
agreements with municipal corporations to be assumed by SUEZ :
Water Pennsylvania Inc. upon closing of its acquisition of :
substantially all of the Township of Mahoning’s assets, :
properties and rights related to its wastewater collection and :
conveyance system :

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. SUEZ Water Pennsylvania Inc. (“SWPA” or “Applicant”) hereby respectfully requests that the Pennsylvania Public Utility Commission (“Commission”) issue such Certificates of Public Convenience as necessary to evidence its approval under Section 1102(a) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1102(a), of: (a) the transfer, by sale, of substantially all of the Township of Mahoning’s (“Mahoning”) assets, properties and rights related to its wastewater collection and conveyance system (the “System”) to SWPA;¹ and, (b) SWPA’s right to begin to offer, render, furnish and supply wastewater collection and conveyance service to the public in portions of the Townships of Mahoning, Cooper and Valley, Montour County, Pennsylvania (including approval to make effective upon closing the *pro forma* tariff supplement attached hereto as **Appendix A-13**).²

2. SWPA also respectfully requests that the Commission approve, pursuant to Code Section 1329, 66 Pa. C.S. § 1329: (a) the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of Mahoning’s assets related to the System;³ (b) the accrual of Allowance for Funds Used During Construction (“AFUDC”) for post-acquisition improvements not recovered through a distribution system improvement charge (“DSIC”)⁴ for book and ratemaking purposes; and, (c) the deferral of depreciation related to post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes. Attached hereto as **Appendix A** is the Commission’s current “66 Pa. C.S. § 1329 Application Filing Checklist-Water/Wastewater (Revised March 17, 2017)” (“Section 1329 Checklist”) as prepared

¹ SWPA is purchasing the Wastewater System, together with Mahoning’s water distribution system, in a single transaction. SWPA is therefore filing an application seeking Commission approval of its acquisition of Mahoning’s water system contemporaneously with this Application.

² SWPA’s Utility Code is 230077 (wastewater).

³ SWPA reserves its right in future proceedings to make rate base claims related to the acquisition as may otherwise be permitted under the Code.

⁴ SWPA does not have a DSIC for wastewater at this time. SWPA, however, reserves the right to seek to institute a DSIC for wastewater in the future.

by the Commission's Bureau of Technical Utility Services pursuant to the Commission's *Final Implementation Order for Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Order entered Oct. 27, 2016) ("*Final Implementation Order*"). For the ease of reference and review, the sub-appendices to **Appendix A** (such as **Appendix A-1**, **Appendix A-2**, etc.) correspond directly with the filing requirements listed in the Commission's Section 1329 Checklist. Certain appendices contain proprietary information and are, accordingly, labeled as **CONFIDENTIAL** and filed with the Commission's Secretary under seal.

3. SWPA further requests, pursuant to Code Section 507, 66 Pa. C.S. § 507, the issuance of Certificates of Filing or approvals for the following agreements between SWPA and a municipal corporation:⁵

a. Asset Purchase Agreement Between the Township of Mahoning, as Seller, and SUEZ Water Pennsylvania Inc., as Buyer, Dated April 20, 2018 (attached hereto as **Appendix A-24**) (**CONFIDENTIAL**) (the "APA");

b. Connection and Conveyance Agreement dated October 16, 2017 between the Township of Mahoning and Cooper Township Municipal Authority;

c. Service Agreement dated October 17, 2005 between Valley Township and Mahoning Sewer Authority;⁶

d. Agreement dated January 20, 1992, between the Borough of Danville, Mahoning Township and Mahoning Township Authority;

⁵ As discussed in more detail herein, as part of the acquisition, SWPA will assume six contracts with municipalities. SWPA is requesting approval of four of these contracts in this Application, and is requesting approval of the remaining two contracts in its application requesting approval of its acquisition of Mahoning's water system, which application is being filed contemporaneously with the instant Application.

⁶ As discussed in the Testimony of John D. Hollenbach, Vice President of SWPA, SWPA Statement No. 1, the Mahoning Township Municipal Authority operated under different names, including the Mahoning Water Authority and the Mahoning Sewer Authority. Mahoning Township dissolved the Mahoning Township Municipal Authority in 2017.

- e. Agreement dated January 23, 1968 between the Danville Municipal Authority, the Borough of Danville and Mahoning Township Authority, as amended by:
- (i) an Amendment dated April 27, 1981;
 - (ii) an Amendment dated May 21, 1985;
 - (iii) an Amendment dated January 2012;
 - (iv) an Amendment dated January 18, 2013; and
 - (v) A Settlement Agreement and Release between Mahoning Township, Danville Municipal Authority and the Borough of Danville, dated October 16, 2017.

The aforementioned agreements are referred to collectively herein as the “Section 507 Agreements.”

4. The name and address of the Applicant is:

SWPA Water Pennsylvania Inc.
4211 East Park Circle
Harrisburg, PA 17111

5. The names and addresses of SWPA’s attorneys are:

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6. SWPA is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. As of September 1, 2017, SWPA served

approximately 60,396 water customers and 11 wastewater customers across the Commonwealth. A description of SWPA's existing certificated water and wastewater service territory is found in **Appendix C**, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations which have created SWPA as it exists on the date of this Application.

7. Mahoning is a Township of the Second Class in Montour County, Pennsylvania, with its principal office located at 1101 Bloom Road, Danville, Pennsylvania 17821. Mahoning owns and operates the System, providing wastewater collection and conveyance service to approximately 1,620 customers in Mahoning, Cooper and Valley Townships, Montour County, Pennsylvania (the "Wastewater Service Territory").

8. The completion of the below-defined Transaction will confer benefits upon the public. As more fully-detailed in the Direct Testimony of John Hollenbach, Vice President of SWPA, SWPA Statement No. 1, SWPA has the legal, technical and financial fitness to own and operate the System in a safe and efficient manner. SWPA also has enhanced customer service, including a customer assistance program. In addition, SWPA (unlike Mahoning) is regulated by the Commission, giving customers access to the PUC's complaint process and other protections.

A. TRANSFER, BY SALE, OF SUBSTANTIALLY ALL OF MAHONING'S ASSETS, PROPERTIES AND RIGHTS RELATED TO THE SYSTEM TO SWPA (OTHER THAN THE EXCLUDED ASSETS)

Summary of the Transaction

9. On April 20, 2018, Mahoning entered into the APA, along with detailed exhibits, with SWPA to sell substantially all of Mahoning's assets, properties and rights of the System (other than the Excluded Assets, as defined by the APA) (the "Transaction").

10. The Transaction will be completed in accordance with the APA.

11. Among other things, the APA: (i) requires Mahoning and SWPA to complete the Transaction after receipt of all governmental approvals (including from this Commission) and the satisfaction of all conditions precedent; (ii) requires SWPA to assume certain contracts; (iii) requires SWPA initially to adopt Mahoning's existing rates until the Commission approves new rates, but SWPA may impose any fee or surcharge permitted by its Commission-approved tariff, including but not limited to contributions in aid of construction, a State Tax Adjustment Surcharge (see *pro forma* tariff supplement attached hereto as **Appendix A-13**);⁷ and, (v) unless directed otherwise by the Commission, provide customers with local customer service and emergency service on a 24/7 basis with a response time no longer than twenty-four hours or less if circumstances so require.

12. Mahoning's wastewater collection and conveyance system includes approximately twenty-six miles of vitrified clay and PVC gravity sewer mains and three pumping stations. This system collects wastewater from residences in Mahoning. In addition, this system collects wastewater directly from several residences in Cooper Township and from an interconnection with the Cooper Township Municipal Authority. Mahoning's wastewater system also collects wastewater from certain residences in Valley Township. The wastewater thus collected is conveyed to the Danville Municipal Authority for treatment and disposal.

Applicable Legal Standards

13. Under Code Section 1103, the Applicant must demonstrate that SWPA is legally, technically, and financially fit. *Seaboard Tank Lines v. Pa. Pub. Util. Comm'n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d

⁷ The rate commitments set forth in the APA do not fall within the definition of a "rate stabilization plan" as defined by 66 Pa. C.S. § 1329 because SWPA has not made any commitments to control rates beyond SWPA's first post-closing base rate case.

240, 243 (Pa. Super. 1958). As a currently certificated public utility, SWPA's fitness is presumed by law to be continuing. *See, e.g., South Hills Movers, Inc. v. Pa. Pub. Util. Comm'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

14. The Commission may issue a certificate of public convenience upon a finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa. C.S. § 1103(a). SWPA's acquisition of the System will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way." *City of York v. Pa. Pub. Util. Comm'n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). The "substantial public interest" standard is satisfied by a simple preponderance of the evidence of benefits. *Popowsky v. Pa. Pub. Util. Comm'n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007).

15. Section 1329 of the Code establishes a voluntary process whereby the acquiring public utility and the selling municipality may choose to have the fair market value of the assets established through independent appraisals conducted by utility valuation experts ("UVEs"). For ratemaking purposes, the valuation will be the lesser of the fair market value or the negotiated purchase price. 66 Pa. C.S. § 1329.

16. Section 1329 also allows, as a matter of law, the acquiring public utility (i) to collect a DSIC for the Wastewater Service Territory prior to the first base rate case in which the Wastewater Service Territory plant-in-service is incorporated into rate base, (ii) to accrue AFUDC for post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes, and (iii) to defer depreciation related to post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes. In order to obtain this ratemaking treatment, the acquiring public utility must produce certain documents and information as

required by the Commission in the context of a future base rate proceeding. 66 Pa. C.S. § 1329; *see Final Implementation Order*.

17. Code Section 507, 66 Pa. C.S. § 507, requires that contracts between a public utility and a municipal corporation, except for contracts to furnish service at regular tariffed rates, be filed with the Commission at least 30 days before the effective date of the contract. The Commission acknowledges the contract by issuing a certificate of filing unless it decides to institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. Should the Commission initiate proceedings, the contract or agreement is not effective until the Commission grants its approval. 66 Pa. C.S. § 507.

Background Financial Information

18. **Appendix 19-a**, pp. 6-7, is the audited balance sheet of Mahoning as of December 31, 2017 and **Appendix D** is SWPA's balance sheet as of December 31, 2017.

19. **Appendix 19-a**, pp. 8-16, is the audited income statement of Mahoning for the 12 months ended December 31, 2017, and **Appendix E** is SWPA's income statement for the 12 months ended December 31, 2017.

20. All the annual reports, tariffs, certificates of public convenience, applications, securities certificates and similar documents filed with this Commission by SWPA and its predecessors are made a part hereof by reference.

Terms and Impact of the Transaction

21. As noted above, this Application seeks, among other things, approval of the transfer to SWPA of substantially all of the assets, properties and rights of Mahoning relating to the System (other than the Excluded Assets, as defined by the APA). The terms and conditions of the Transaction are contained in the APA (**Appendix A-24-a**) (**CONFIDENTIAL**).

22. SWPA and Mahoning are not affiliated with each other.

23. The Transaction is, and was negotiated, at arm's length.

24. Attached hereto as **Appendix F** is a *pro forma* balance sheet of SWPA as of December 31, 2017 and December 31, 2019, giving effect to the transfer.

25. Attached hereto as **Appendix G** is a *pro forma* consolidated income statement of SWPA and Mahoning for the 12 months as of December 31, 2017 and December 31, 2019.

26. Attached hereto as **Appendix H** is a copy of the minutes of the meeting at which the Mahoning Board of Supervisors adopted a motion to sell the Water and Sewer Department to SWPA.

27. As discussed in the testimony of John Hollenbach, the Vice President of SWPA, SWPA Statement No. 1, pp. 9, SWPA was authorized by its corporate parent to make a bid for the System. No further corporate approvals were required.

Transaction's Effect on Service and Rates and Other Affirmative Benefits

28. The Transaction will have no detrimental effect on the service provided to SWPA's existing customers or the wastewater customers transferred to SWPA by Mahoning.

29. The Transaction will have a beneficial effect on the wastewater customers of Mahoning in that they will receive the benefit of SWPA's experience in managing and operating

wastewater systems, which will result in efficiencies impacting rates in a beneficial way, and improvements in the service to the customers to be transferred. SWPA's existing wastewater customers will benefit because the Transaction will expand the customer base over which existing costs are recovered, thereby stabilizing or reducing per-customer costs over the long-term.

30. The Transaction is in the public interest, will provide affirmative public benefits of a substantial nature, and satisfies the applicable standard of Code Section 1103, 66 Pa. C.S. § 1103, for, among other, the following reasons:

a. SWPA has the managerial, technical and financial capabilities and fitness to safely and adequately operate the System in compliance with the Code, the Pennsylvania Clean Streams Law (35 P.S. §§ 691.1-691.801) and other requisite statutory and regulatory requirements, and to make improvements as needed, on a short- and long-term basis. SWPA has consistently met applicable wastewater regulations established by the U.S. Environmental Protection Agency and the Pennsylvania Department of Environmental Protection.

b. The acquisition will further the Commission's goal of regionalization. *See* 52 Pa. Code § 69.721(a). Mahoning's System will become part of a larger organization that is more viable from a costs and rates standpoint and is committed to providing improved service in the future. SWPA has a workforce of eleven located within six miles of Mahoning, and can assemble an experienced team of additional employees from its Harrisburg area locations less than two hours away.

c. The transferred wastewater customers will be served by a large, financially-sound company that has the capability to finance necessary capital additions. Given its size, access to capital and its recognized strengths in system planning, capital budgeting and

construction management, SWPA is well-positioned to ensure that high quality wastewater service is provided to Mahoning's customers and maintained for SWPA's existing customers.

d. The transferred wastewater customers will benefit from enhanced customer service in a number of areas, such as, but not limited to, a regional call center located in the Commonwealth and a financial assistance program (SUEZ Cares is a customer assistance program sponsored by SWPA that serves individuals and families in need of temporary help in paying their SWPA bills). In addition, SWPA has four established customer advisory councils.

e. The geographic proximity of the System and SWPA's existing wastewater certificated service territory creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings. The System will be operated and managed in conjunction with SWPA's existing Bloomsburg operations.

f. The Transaction will benefit Mahoning. In addition to receiving the purchase price, Mahoning will benefit from SWPA's Corporate Social Responsibility Program, which supports organizations and initiatives that reflect SWPA's core business values and benefits individuals in the areas of environment, education and humanitarian services.

g. SWPA intends to interview the current Mahoning employee who operates the System and offer employment, subject to SWPA's hiring practices and drug testing as a condition of employment at SWPA.

31. The Transaction will have no immediate effect on the rates for service to be charged to SWPA's existing customers.⁸ With regard to the wastewater customers to be transferred by Mahoning, SWPA will -- as shown in the *pro forma* tariff submitted with this Application as **Appendix A-13** -- charge, as its base rates, Mahoning's wastewater rates existing

⁸ After Closing, residential customers will be billed monthly rather than quarterly, but the monthly rate charged by SWPA will be 1/3 of the amount that residential customers are currently charged quarterly by Mahoning.

at the time of closing of the Transaction. Mahoning's current rates and SWPA's proposed rates are shown on **Appendix A-18-a**. Additionally, immediately following closing of the Transaction, SWPA may impose any fee or surcharge permitted by its Commission-approved tariff, including but not limited to tap in fees, contributions in aid of construction, and a State Tax Adjustment Surcharge. All other rules and regulations of SWPA's Commission-approved tariff shall be applicable immediately after closing of the Transaction. SWPA respectfully requests approval from the Commission to make effective upon closing of the Transaction its existing rules and regulations regarding conditions of service as revised with the proposed changes shown on the *pro forma* tariff supplement attached hereto as **Appendix A-13**.

32. On August 1, 2017, Mahoning requested proposals for the purchase and operation of its water and wastewater systems. On October 5, 2017, SWPA submitted its Proposal for the Purchase and Operation of Sewer and Water Systems. SWPA emerged as the successful bidder based on Mahoning's assessment of SWPA's knowledge and expertise in operating water and wastewater service in the Commonwealth at reasonable rates. This is a substantial and material benefit of the Transaction, along with the Township's potential ability to improve its financial situation.

B. THE RIGHTS OF SWPA TO OFFER OR FURNISH WASTEWATER COLLECTION AND CONVEYANCE SERVICE TO THE PUBLIC IN THE TOWNSHIP OF MAHONING AND PORTIONS OF THE TOWNSHIPS OF COOPER AND VALLEY, MONTGOMERY COUNTY, PENNSYLVANIA.

33. Mahoning currently provides wastewater collection and conveyance service to approximately 1,620 customers in the Wastewater Service Territory.

34. SWPA's applied-for service territory, shown on the map in **Appendix A-16** and further described in that appendix, is only slightly larger than Mahoning's Wastewater Service Territory.

35. No corporation, partnership or individual other than Mahoning is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by SWPA in the territory covered by this Application, and no competitive condition will be created. As part of this Application, SWPA has requested approval to acquire, by purchase, substantially all of the assets, properties and rights of Mahoning relating to the System (other than the Excluded Assets, as set forth in the APA). Upon closing of the Transaction, Mahoning will permanently discontinue all wastewater service to the public.

36. The estimated annual revenues and expenses of SWPA in the requested service territory are set forth in **Appendix A-19-d**.

C. FAIR MARKET VALUATION UNDER CODE SECTION 1329

37. **Appendix A** and related Section 1329 Checklist appendices satisfy the filing requirements of the Code Section 1329, the *Final Implementation* Order, and the Section 1329 Checklist. The Section 1329 appendices correspond directly with the numbered requirements of the Section 1329 Checklist (e.g., **Appendix A-1** (Requirement No. 1), **Appendix A-2** (Requirement No. 2), etc.).

38. The fair market valuation reports of the seller's and buyer's UVEs are contained in **Appendix A-5**. Buyer's UVE's written direct testimony in support of its report is set forth in **Appendix A-14**. As a courtesy, SWPA is including the direct testimony of Mahoning's UVE in

Appendix A-14. SWPA, however, expects that Mahoning will intervene in these proceedings and will sponsor the testimony of its UVE.

39. SWPA's other written direct testimony in support of this Application can also be found in **Appendix A-14.**

40. As SWPA has strictly followed the requirements of Code Section 1329, the *Final Implementation Order*, and the Section 1329 Checklist, the Application should be deemed perfected within the 10-day review period and SWPA should be permitted to: (a) use for ratemaking purposes the lesser of the fair market value or the negotiated purchase price of the Mahoning assets related to the System; (b) accrue AFUDC for post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes; and, (c) defer depreciation related to post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes.

D. FILING OF CONTRACTS PURSUANT TO CODE SECTION 507

41. The APA, because it is between SWPA and a municipal corporation, is required to be filed with the Commission under Code Section 507, 66 Pa. C.S. § 507. Likewise, as part of the Transaction, six contracts between Mahoning and certain municipal corporations will be assumed by SWPA upon closing of the Transaction. Four of these contracts pertain to the provision of wastewater service. The Section 507 Agreements (including the APA) are attached hereto as **Appendices A-24-a** and **B-1** through **B-6**. The agreements are reasonable and otherwise lawful. Assumption of the agreements by SWPA is necessary for SWPA to abide by the existing contractual arrangements of Mahoning and in order for SWPA to provide safe, adequate, and reasonable service to customers in the requested service territory at just and

reasonable rates. Accordingly, the Commission should issue Certificates of Filing or otherwise approve the Section 507 Agreements under 66 Pa. C.S. § 507.

E. NOTICE

42. As evidenced by the Certificate of Service accompanying this Application, SWPA is serving copies of this filing by certified mail on the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission's Bureau of Investigation and Enforcement. Once the Application is reviewed and accepted by Commission Staff, SWPA will serve copies of the Application upon the municipal entities required to be provided with copies by the Commission's regulations at 52 Pa. Code § 3.501(f) and by the Section 1329 Checklist and upon the Pennsylvania Department of Environmental Protection ("DEP") Central Office and North-central Regional Office. Similarly, notice will be published in local newspapers of general circulation. SWPA respectfully requests that the Commission publish notice of this filing in the Pennsylvania Bulletin as soon as possible, with a reasonable deadline for the filing of protests, interventions, etc. in this proceeding.

G CONCLUSION AND REQUEST FOR RELIEF

WHEREFORE, SUEZ Water Pennsylvania Inc. requests that the Pennsylvania Public Utility Commission approve the Application and order that:

(a) such Certificates of Public Convenience be issued as necessary to evidence its approval under 66 Pa. C.S. § 1102(a) of (i) the transfer, by sale, of substantially all of the Township of Mahoning's assets, properties and rights related to its wastewater collection and conveyance system to SUEZ Water Pennsylvania Inc., and (ii) SUEZ Water Pennsylvania Inc.'s

right to begin to offer, render, furnish and supply wastewater collection and conveyance service in portions of the Townships of Mahoning, Cooper and Valley, Montour County, Pennsylvania;

(b) the *pro forma* tariff supplement attached hereto as **Appendix A-13**, including all rates, rules and regulations regarding conditions of SUEZ Water Pennsylvania Inc.'s wastewater service as revised herein, be permitted to become effective immediately upon closing of the transaction;

(c) pursuant to 66 Pa. C.S. § 1329, SUEZ Water Pennsylvania Inc. be permitted to use for ratemaking purposes the lesser of the fair market value or the negotiated purchase price of the assets purchased pursuant to the transaction;

(d) pursuant to 66 Pa. C.S. § 1329, SUEZ Water Pennsylvania Inc. be permitted to accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes;

(e) pursuant to 66 Pa. C.S. § 1329, SUEZ Water Pennsylvania Inc. be permitted to defer depreciation related to post-acquisition improvements not recovered through a DSIC for book and ratemaking purposes;

(f) pursuant to 66 Pa. C.S. § 507, Certificates of Filing or approvals be issued for the following agreements between SUEZ Water Pennsylvania Inc. and a municipal corporation:

i. Asset Purchase Agreement Between Township of Mahoning and SUEZ Water Pennsylvania Inc., dated April 20, 2018, (**CONFIDENTIAL**);

ii. Connection and Conveyance Agreement dated October 16, 2017 between the Township of Mahoning and Cooper Township Municipal Authority;

iii. Service Agreement dated October 17, 2005 between Valley Township and Mahoning Sewer Authority;

iv. Agreement dated January 20, 1992, between the Borough of Danville, Mahoning Township and Mahoning Township Authority;

v. Agreement dated January 23, 1968 between the Danville Municipal Authority, the Borough of Danville and Mahoning Township Authority, as amended by:

(a) an Amendment dated April 27, 1981;

(b) an Amendment dated May 21, 1985;

(c) an Amendment dated January 2012;

(d) an Amendment dated January 18, 2013; and

(e) A Settlement Agreement and Release between Mahoning Township, Danville Municipal Authority and the Borough of Danville, dated October 16, 2017.

(h) Any additional certificates or approvals as may be necessary to lawfully consummate the transaction described herein.

Respectfully submitted,



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Dated: July 20, 2018