



August 31, 2018

VIA OVERNIGHT DELIVERY

David P. Zambito

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dzambito@cozen.com

CONTAINS HIGHLY CONFIDENTIAL INFORMATION

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

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AUG 31 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Application of SUEZ Water Pennsylvania Inc. (Water and Wastewater Divisions) and SUEZ Water Bethel Inc. for Certificates of Public Convenience under Sections 1102(a)(3) and 1103 of the Public Utility Code Approving a Change of Control of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. Through an Internal Corporate Restructuring; Docket No. A-2018-

Dear Secretary Chiavetta:

Enclosed for filing with the Commission, please find the Joint Application of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. in the above-referenced proceeding. Also enclosed is a check (No. 246698) in the amount of \$350.00 for the filing fee. A copy of this document has been served in accordance with the attached Certificate of Service.

Please note that Appendix B contains proprietary contracts relating to the transaction described in the Application. It has been marked as Highly Confidential and filed in a sealed envelope, and should be maintained in a non-public folder.

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. and SUEZ
Water Bethel Inc.

DPZ:kmg
Enclosures

cc: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of SUEZ Water Pennsylvania :
Inc. (Water and Wastewater Divisions) and :
SUEZ Water Bethel Inc. for Certificates of : Docket Nos. A-2018-_____
Public Convenience under Sections 1102(a)(3) : A-2018-_____
and 1103 of the Public Utility Code Approving : A-2018-_____
a Change of Control of SUEZ Water Pennsylvania :
Inc. and SUEZ Water Bethel Inc. Through an :
Internal Corporate Restructuring :

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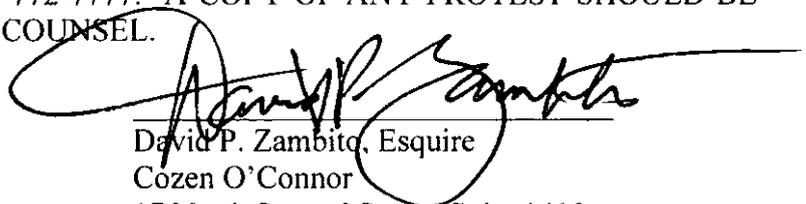
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

NOTICE TO PLEAD

YOU ARE HEREBY ADVISED THAT, PURSUANT TO THE REGULATIONS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION AT 52 PA. CODE §§ 5.51-5.53, YOU MAY FILE A PROTEST TO THIS APPLICATION WITH THE SECRETARY'S BUREAU OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION AT THE FOLLOWING ADDRESS:

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

PROTESTS MUST BE FILED WITHIN THE TIME SPECIFIED IN THE NOTICE OF THE APPLICATION TO BE PUBLISHED IN THE *PENNSYLVANIA BULLETIN*. FOR MORE INFORMATION REGARDING THE FILING OF A PROTEST, PLEASE CONTACT THE SECRETARY'S BUREAU AT (717) 772-7777. A COPY OF ANY PROTEST SHOULD BE SERVED ON THE UNDERSIGNED COUNSEL.



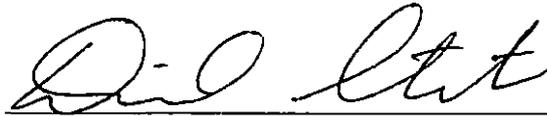
David P. Zambito, Esquire
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
Telephone: (717) 703-5892
Email: dzambito@cozen.com

Date: August 31, 2018

VERIFICATION

I, David Stanton, 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: August 31, 2018



PRINTED NAME: David Stanton
TITLE: President
COMPANY: SUEZ Water Bethel Inc.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I. JOINT APPLICANTS

1. SWPA is a certificated Pennsylvania public utility providing water service (utility code 210013) to the public in portions of Dauphin, Cumberland, Perry, York, Luzerne, Wyoming, Columbia, Montour, and Schuylkill Counties, Pennsylvania. SWPA also provides wastewater service (utility code 230077) to the public in the Township of South Centre, Columbia County, Pennsylvania.¹

2. SWB is a certificated Pennsylvania public utility providing water service (Utility Code 210150) in a portion of the Township of Bethel and a portion of the Township of Concord, Delaware County, Pennsylvania.

3. SWPA and SWB are each direct subsidiaries of SUEZ Water Resources Inc. (“SWR”).

4. SWR is a wholly-owned subsidiary of SUEZ Water Inc. (“SWI”), which is, in turn, a wholly-owned subsidiary of SUEZ North America Inc. (“SNA”). SNA is a water utility holding company with operating utility subsidiaries throughout the United States.

5. SNA is a wholly-owned subsidiary of SUEZ Groupe S.A.S. based in Paris, France. SUEZ Groupe S.A.S. is a wholly owned subsidiary of SUEZ S.A., a publicly traded company based in Paris, France. Through its global operations, SUEZ S.A. provides water and waste management solutions to optimize resource management and strengthen environmental and economic performance consistent with applicable regulatory standards.

¹ SWPA has also applied for Commission approval of the water and wastewater systems currently owned by the Township of Mahoning, Montour County, Pennsylvania. These Applications are pending at Docket Numbers A-2018-3003517 (wastewater) and A-2018-3003519 (water).

6. A chart showing the current corporate structure of SUEZ is attached hereto as **Appendix A**. The Joint Applicants and their corporate parents shown on **Appendix A**, are referred to collectively herein as “SUEZ.”

II. COUNSEL FOR THE JOINT APPLICANTS

7. Counsel for the Joint Applicants are:

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

III. OVERVIEW OF THE PROPOSED RESTRUCTURING

8. On July 25, 2018, SNA entered into an Investment Agreement (“Investment Agreement”) with Stichting Depository PGGM Infrastructure Funds, acting in its capacity as title holder of PGGM Infrastructure Fund (together, as investor, “PGGM”). A copy of the Investment Agreement and its exhibits, including the form of Shareholders Agreement to be executed at transaction closing, are attached as **Appendix B**. Due to their sensitive proprietary nature, the Joint Applicants request that the Investment Agreement and all exhibits thereto be treated as **HIGHLY CONFIDENTIAL** and maintained by the Commission in a non-public folder.

9. PGGM is a cooperative Dutch pension fund service provider that is headquartered in The Netherlands. As of June 30, 2018, PGGM had 215 billion euros in assets under management and was administering the pensions of 4.2 million participants. PGGM does not currently hold any

ownership interests in any regulated water companies in the United States other than some small interests in publicly traded companies via PGGM's listed equity portfolios and has no ownership interest in any privately held regulated water companies in the United States. PGGM and certain of its affiliates are utility holding companies under the Public Utility Holding Company Act of 2005 and the Federal Energy Regulatory Commission's regulations thereunder by virtue of their more than 10% shareholding of the outstanding voting securities of Duquesne Light Holdings, Inc. the parent of Duquesne Light Company, a Pennsylvania electric utility company.

10. Pursuant to the Investment Agreement, SWI will form a new subsidiary (referred to herein as "NewCo"), and will contribute 100% of its equity interest in SWR to NewCo, resulting in SWR becoming a wholly-owned, direct subsidiary of NewCo.

11. SWR will then be converted from a Delaware "C" Corporation to a Delaware limited liability company ("LLC").

12. PGGM will make a capital contribution to NewCo in the amount of \$601 million (subject to adjustment at closing), in return for an ownership interest in NewCo. Ultimately, PGGM will own a 20% ownership interest in NewCo and SWI will own an 80% ownership interest in NewCo.

13. Importantly, SUEZ, S.A. will remain the ultimate corporate parent of the Joint Applicants and SNA will remain the U.S. corporate parent of the Joint Applicants. SWI will retain full control and management oversight over its present operating subsidiaries in North America, including the Joint Applicants.² A diagram showing the proposed corporate structure of SUEZ following the internal restructuring is attached hereto as **Appendix C**.

² Because SWI will remain the largest controlling interest in the Joint Applicants, approval of the Investment Agreement transaction is not required under the Commission's "Utility Stock Transfer Under 66 Pa. C.S. § 1102(a)(3) - Statement of Policy." See 52 Pa. Code § 69.901.

14. Following the internal restructuring, there will be no change in the management, controlling corporate ownership, financial assets and liabilities, employees, property, plant, equipment or other contract rights and obligations of the Joint Applicants. SWPA and SWB will continue to operate as Pennsylvania public utilities subject to the continuing jurisdiction and oversight of the Commission. The reorganization will not impact the day-to-day operations of these utilities, which will continue to serve their existing customers in the manner that they are served today. All of the current managerial, technical and financial resources available to SWPA and SWB as wholly-owned subsidiaries of SWR and its U.S. corporate parent, SNA, will remain available to them.

15. The proposed internal restructuring is subject to the approval of regulatory agencies in Delaware, New York, New Jersey and Pennsylvania.³ Additionally, clearance from the Committee on Foreign Investments in the United States must be received. Clearance from the United States Department of Justice and Federal Trade Commission pursuant to the Hart-Scott-Rodino Antitrust Improvement Act of 1976 was received on August 10, 2018. The receipt of all required regulatory approvals is a condition to closing the transaction contemplated under the Investment Agreement (“Transaction”), which is expected to occur in the first half of 2019.

16. The Transaction will result in an increase in the committed level of available financial resources to fund utility infrastructure investments and will provide SWR with a new shareholder also supportive of continued investments in the utility’s infrastructure that will ultimately benefit ratepayers. The Transaction will help SWR finance capital expenditures in the regulated water sector, which will increase from a five year historic average of approximately \$190 million to an average from 2019 through 2022 of about \$305 million per year. This will benefit

³ In addition, SUEZ intends to notify regulatory agencies in Rhode Island and Idaho.

SWPA and SWB, and their ratepayers, by giving the Joint Applicants greater access to capital, enabling the Joint Applicants to repair and improve infrastructure and service reliability more expeditiously. This greater access to capital represents an affirmative public benefit of a substantial nature.

IV. REQUESTED COMMISSION APPROVALS

17. Section 1102(a)(3) of the Code requires authorization by the Commission through issuance of a certificate of public convenience prior to the transfer, to any person or corporation, of any tangible or intangible property used or useful in the public service that is held by a public utility or affiliated interest of a public utility. 66 Pa. C.S. § 1102(a)(3).

18. The Commission has clarified in its Statement of Policy at 52 Pa. Code § 69.901 that a certificate of public convenience is required where a transaction results, or series of transactions result, in a different entity becoming the beneficial holder of the largest voting interest in the utility or parent, regardless of the tier.

19. While the proposed internal corporate restructuring, as described above, will result in “changes in control” of various SUEZ subsidiaries, as defined under 66 Pa. C.S. § 1102(a)(3) and 52 Pa. Code § 69.901,⁴ SWI will remain the parent with a retained controlling interest.

20. Under Section 1103 of the Code, the Commission shall 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). This standard requires the Commission to find that the transaction will “affirmatively promote the

⁴ 52 Pa. Code § 69.901(b)(2) states “a controlling interest is an interest, held by a person or a group acting in concert, which enables the beneficial holders to control at least 20% of the voting interest in the utility or its parent, regardless of the remoteness of the transaction.”

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, and such burden can be met by showing a likelihood or probability of the public benefits that need not be quantified or guaranteed. *Popowsky v. Pa. Pub. Util. Comm’n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007). Further, the substantial public benefit test does not require that every customer receive a benefit from the proposed transaction. *Id.*, 594 Pa. at 617-18, 937 A.2d at 1061.

21. As the proponent of a rule or order, the Joint Applicants bear the burden of proof pursuant to Section 332(a) of the Code, 66 Pa. C.S. § 332(a), which provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is axiomatic that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm’n*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990). A preponderance of the evidence is established by presenting evidence that is more convincing, by even the smallest amount, than that presented by the other parties to the case. *Se-Ling Hosiery v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950).

22. Additionally, this Commission’s decision must be supported by substantial evidence in the record. Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Borough of E. McKeesport v. Special/Temporary Civil Serv. Comm’n*, 942 A.2d 274, 281 (Pa. Cmwlth. 2008). The “presence of conflicting evidence in the record does not mean that substantial evidence is lacking.” *Allied Mechanical and Elec., Inc. v. Pennsylvania Prevailing Wage Appeals Board*, 923 A.2d 1220, 1228 (Pa. Cmwlth. 2007) (citation omitted).

V. AFFIRMATIVE PUBLIC BENEFITS OF THE RESTRUCTURING

23. As previously noted, the approval being sought by the Joint Applicants is for an internal corporate restructuring. SWI will retain control of the regulated public utilities, eliminating any concern that control is being shifted to a party that is not technically, legally or financially fit.

24. The proposed internal restructuring is in the public interest because it results in an increased committed level of available financial resources to fund utility infrastructure investments, which will enhance the ability of SWPA and SWB to provide safe, adequate and reliable service to their customers in Pennsylvania. SWPA's and SWB's enhanced access to capital will further enable the Joint Applicants to address service or infrastructure needs that may arise in the future. Moreover, greater access to capital will enable SWPA to pursue acquisitions that will promote the Commission's policies in favor of regionalization and consolidation of water and wastewater systems in the Commonwealth.

25. The Joint Applicants stress that this is only an internal restructuring and will not result in adverse impacts. The internal restructuring will not increase costs to ratepayers, nor will it adversely impact service to customers. All of the current managerial, technical and financial resources available to SWPA and SWB as wholly-owned subsidiaries of SWR and its U.S. corporate parent, SNA, will remain available to them. No costs of the transaction will be borne by or allocated to SWPA or SWB and, as such, will not be charged to ratepayers.

VI. IMPACT ON RATES

26. The rates charged by SWPA for water and wastewater service currently are governed by tariffs that were approved by the Commission on August 20, 2015 at Docket No. R-2015-2462723 (water) and on September 20, 2016 at Docket No. R-2016-2566552 (wastewater). The rates charged by SWB currently are governed by tariffs that were approved by the Commission on October 26, 2017 at Docket No. R-2017-2624176. The proposed restructuring maintains these tariffs as presently in effect and as amended from time to time in accordance with law. Therefore, the proposed restructuring will have no effect on existing rates. The Joint Applicants will not increase rates in the future without obtaining any necessary Commission approvals.⁵

27. Accordingly, in light of the foregoing, the proposed internal restructuring is necessary or proper for the service, accommodation, convenience or safety of the public and should be approved pursuant to 66 Pa. C.S. § 1103(a).

VII. CONCLUSION

WHEREFORE, for the foregoing reasons, the Joint Applicants respectfully request that the Commission:

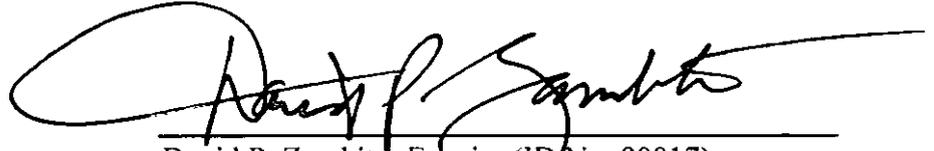
(1) Approve this Application and issue certificates of public convenience to SUEZ Water Pennsylvania Inc. (Water Division and Wastewater Division) and SUEZ Water Bethel Inc. pursuant to 66 Pa. C.S. §§ 1102(a)(3) and 1103, evidencing the right to engage in a change of control of the Joint Applicants to be effected by an internal corporate restructuring; and,

⁵ The transaction contemplated by the Investment Agreement likewise will not impact the rates currently proposed in the SWPA water base rate case at Docket No. R-2018-3000834 because the transaction would simply replace one source of equity with another.

(2) Grant any and all additional approvals as may be necessary to lawfully consummate the proposed transaction described herein.

Respectfully submitted,

COZEN O'CONNOR

A handwritten signature in black ink, appearing to read "David P. Zambito", is written over a horizontal line. The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

David P. Zambito, Esquire (ID No. 80017)

Jonathan P. Nase, Esquire (ID No. 44003)

Cozen O'Connor

17 North Second Street, Suite 1410

Harrisburg, PA 17101

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Email: dzambito@cozen.com

jnase@cozen.com

Counsel for *SUEZ Water Pennsylvania Inc.* and
SUEZ Water Bethel Inc.

Dated: August 31, 2018

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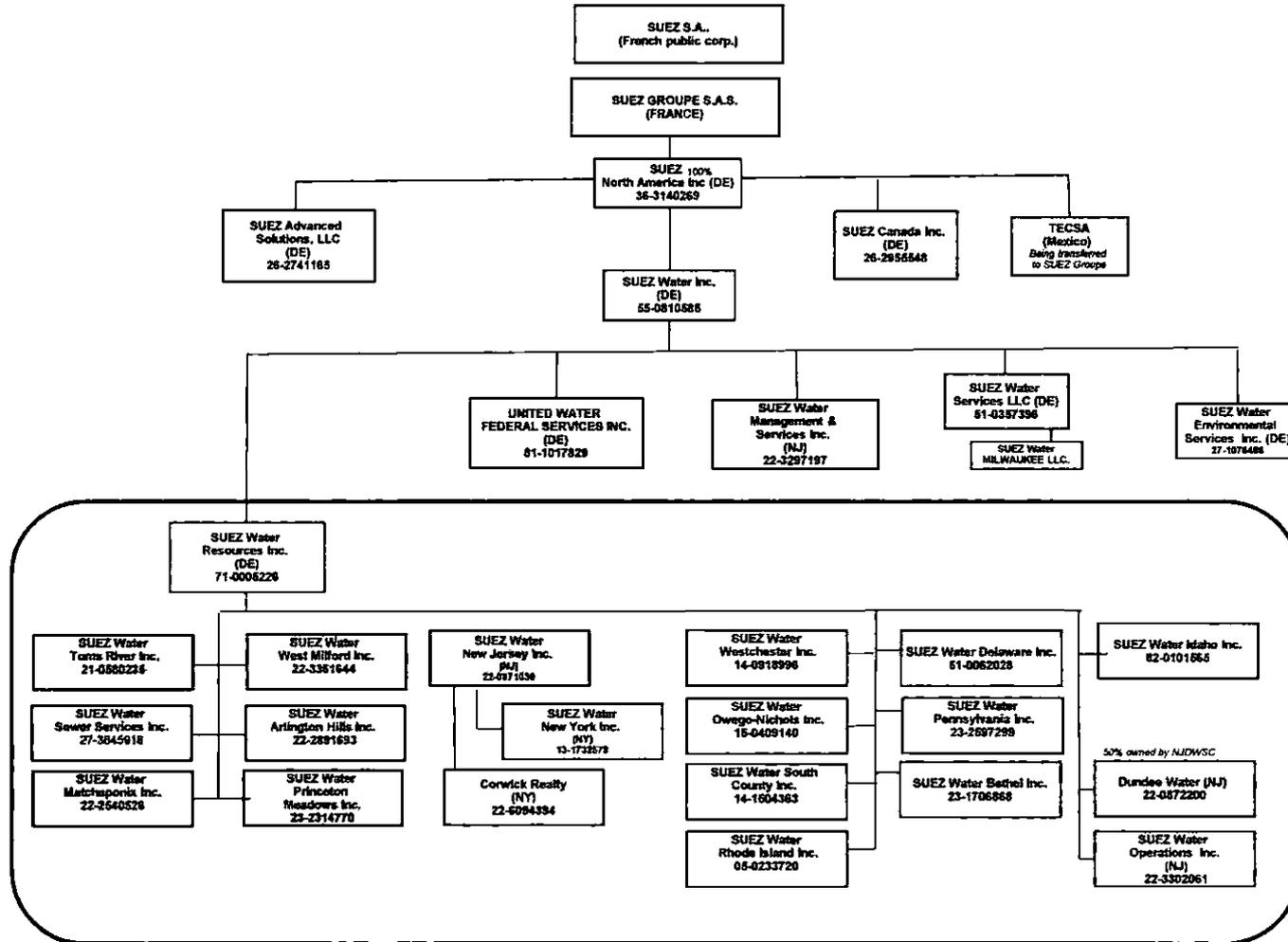
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX A

SUEZ NORTH AMERICA (Current)

Legend

Foreign
Regulated
Other
Holding
Contracts & real estate
New Jersey Utilities



Note: incidental to the transaction, a petition has been filed with the NJBPU requesting consolidation of the New Jersey Utility Companies.



APPENDIX B
contains Highly Confidential
Information and will be filed
separately

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SECRETARY'S BUREAU

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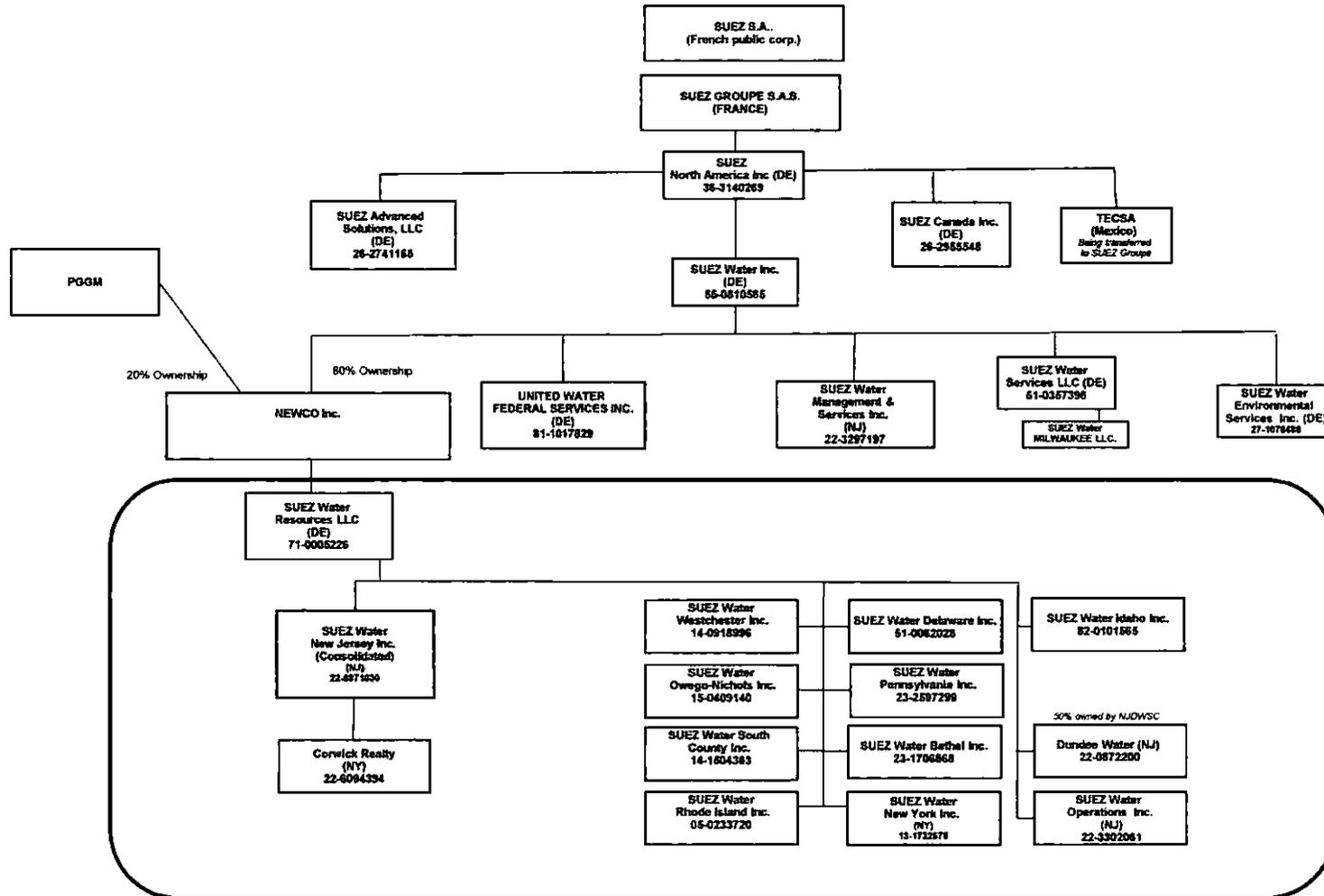
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX C

SUEZ NORTH AMERICA (Final Steps)

Legend

Foreign
Regulated
Other
Holding
Contracts & real estate
New Jersey URBBes
Outside Investor



Note: incidental to the transaction, SWR has petitioned the NJBPU for consolidation of the New Jersey Utilities and for will file for a restructuring to move SUEZ Water New York to a direct subsidiary of SWR.



VERIFICATION

I, David Stanton, 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: August 31, 2018



PRINTED NAME: David Stanton

TITLE: President

COMPANY: SUEZ Water Pennsylvania Inc.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Inc. and SUEZ Water Bethel Inc. Through an :
Internal Corporate Restructuring :

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Docket Nos. A-2018-_____
A-2018-_____
A-2018-_____

CERTIFICATE OF SERVICE

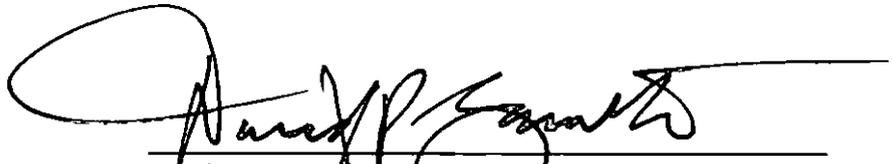
I hereby certify that I have this day served a true copy of the foregoing Joint Application of SUEZ Water Pennsylvania Inc. (Water and Wastewater Divisions) and SUEZ Water Bethel Inc. for Approval of a Change of Control Through an Internal Corporate Restructuring, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

VIA FIRST CLASS MAIL (WITHOUT HIGHLY CONFIDENTIAL APPENDIX)

Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
400 North Street, 2 West
Harrisburg, PA 17120

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

Office of Small Business Advocate
Department of Community and
Economic Development
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303



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

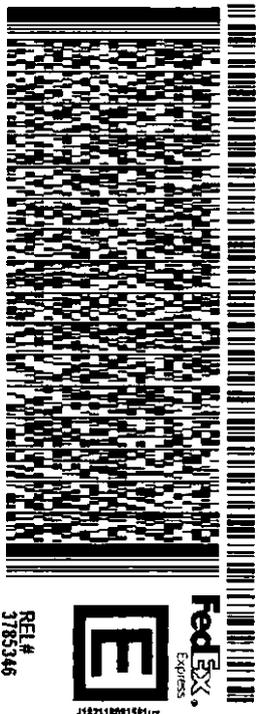
Dated: August 31, 2018

ORIGIN:MDTA (215) 665-3713
 DAVID ZAMBITO
 COZEN O'CONNOR
 17 NORTH SECOND STREET
 SUITE 410
 HARRISBURG, PA 17101
 UNITED STATES US

SHIP DATE: 31AUG18
 ACTMGT: 0 50LB
 CMO: 112088059MSX13200
 BILL SENDER

TO
ROSEMARY CHIAVETTA, SECRETARY
PA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH ST, FILING ROOM 2ND FL
HARRISBURG PA 17120
 (717) 772-7777
 REF: 417920 000-5278
 DEPT

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 MDT



FOLD on this line and place in shipping pouch with bar code and delivery address visible

1. Fold the first printed page in half and use as the shipping label.
2. Place the label in a waybill pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.
3. Keep the second page as a receipt for your records. The receipt contains the terms and conditions of shipping and information useful for tracking your package.

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