



March 6, 2019

VIA E-FILING

Jonathan P. Nase

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second 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 (Affiliated Sector Agreement); Docket No. G-2018-3002448

Answers of SUEZ Water Pennsylvania Inc. (Wastewater Operations) to Data Requests of the Bureau of Technical Utility Services

Dear Secretary Chiavetta:

Enclosed please find the answers of SUEZ Water Pennsylvania Inc. (Wastewater Operations) to the above-referenced data requests. Copies are being served as shown on the attached certificate of service.

Please contact me if you have any questions about this filing.

Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase

JPN
Enclosures

cc: Manasi Deshpande, Bureau of Technical Utility Services
James Cagle

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-2018-3002448
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 Answers of SUEZ Water Pennsylvania Inc. (Wastewater Operations) to Data Requests of the Bureau of Technical Utility Services, 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, 5th Floor
Harrisburg, PA 17101-1923

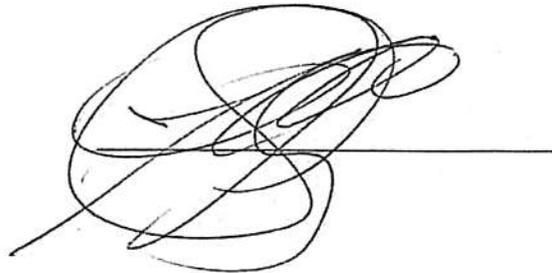
DATED: March 6, 2019


Jonathan P. Nase, 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: 3/6/2019

A handwritten signature in black ink, appearing to be "James C. Cagle", written over a horizontal line. The signature is highly stylized and somewhat illegible due to overlapping loops.

Affiliated Interest Agreement between SUEZ Water Pennsylvania Inc. – Wastewater
and Multiple Affiliated Corporations (Affiliated Sector Agreement)
at Docket No. G-2018-3002448
Bureau of Technical Utility Services Water/Wastewater Division
Data Request Set 2

BTS-G-17
(Cagle)

BTS-G-17 Please confirm that, through this AIA, SWPA-WD is seeking to receive and provide operational and management services (O&M Services) from and to the “Mid-Atlantic Division” entities as indicated in SWPA-WD’s response to Data Request G-2.

Response: Yes. Please see the response to BTS-G-5.

Response provided by: James Cagle
Vice President, Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.

Date: March 6, 2019

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Data Request Set 2

BTS-G-18
(Cagle)

BTS-G-18 If SWPA-WD intends to receive and provide O&M Services from and to the New Jersey, New York and Idaho Divisions, please provide a separate list of O&M Services and the costs associated with these O&M Services for each affiliate.

Response:

For these divisions, it is the Company's intent under this agreement for O&M services to be provided by or received by SWPA-WD on an as needed basis where the utilization of such services makes both operational and economic sense, and is therefore beneficial to the ratepayers of SWPA-WD. The intent of the agreement is that such services would be "at cost" and, per the agreement, that cost would include only the direct cost of labor and benefits of the employee providing such services and any directly related ancillary costs (such as travel costs). Such services could include Engineering, Human Resource and other administrative services not otherwise provided by SUEZ M&S. Additionally, such costs could include costs incurred for operations & maintenance costs if necessary for short term and/or emergency services. Please also see the response to BTS-G-20.

Response provided by: James Cagle
Vice President, Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.

Date: March 6, 2019

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Data Request Set 2

BTS-G-19
(Cagle)

BTS-G-19 SWPA-WD's response to Data Request G-3 indicated the AIA replaces "the existing AIA". Please provide a copy of the existing affiliated sector agreement (Agreement) between SWPA-WD and SUEZ Water Delaware Inc. (SWD). Also, please explain why SWPA-WD intends to replace the existing Agreement.

Response:

Please see attached. The proposed agreement and the current agreement between SWPA and SWDE are very similar and have the same intent. The company's proposal to replace the existing agreement between SWPA and SWDE with the expanded agreement is simply to avoid multiple agreements having the same intent.

Response provided by: James Cagle
Vice President, Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.

Date: March 6, 2019

AGREEMENT

Agreement, dated June 20, 2001 between UNITED WATER DELAWARE INC. (hereinafter "UWDE"), a Delaware corporation, with offices at 2000 First State Boulevard, Wilmington, Delaware 19804-0508 and UNITED WATER PENNSYLVANIA INC. (hereinafter "UWPA"), a Pennsylvania corporation, with offices at 4211 East Park Circle, Harrisburg, Pennsylvania 17111.

The background of this Agreement is that:

1. Both UWDE and UWPA are subsidiaries of United Waterworks Inc. (hereinafter "UWW"), a Delaware corporation, with offices at 200 Old Hook Road, Harrington Park, New Jersey 07640.
2. UWW was reorganized based on a geographical concept in which utilities in close proximity to each other provide certain operational and management support to each other, on an as needed basis. Both UWDE and UWPA maintain organizations 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.
3. UWPA and UWDE can economically obtain valuable management and operating services of superior quality by contracting to secure the same from each other as needed from time to time.
4. The services to be rendered under this Agreement are to be rendered at their cost, as hereinafter provided.
5. Both UWDE and UWPA have Service Agreements with United Water Management and Services Inc., which are on file with the appropriate regulatory agencies, and which provide for a broader scope of service functions. Services rendered pursuant to this Agreement will not be duplicative of those rendered pursuant to the Service Agreements.

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

ARTICLE I.

UWDE and UWPA shall make their respective qualified employees available to each other to furnish, and each shall utilize, as needed, general management and operations services upon the terms and conditions hereinafter set forth. In order to render such services and to promote the efficient and economic operation of UWPA and UWDE, the officers and employees of each shall keep themselves informed on all aspects of their respective operations. Such personnel may make recommendations for operating expenditures and additions to and improvements of property, plant and equipment. UWDE or UWPA, by mutual consent, may engage a non-affiliated company or person to provide such services on its behalf.

ARTICLE II

In consideration for the services to be rendered as herein above provided, UWDE and UWPA each agree to pay the cost thereof, determined as provided in this Article II and in Article III.

The extent of service rendered shall be based on actual time spent by such personnel, as reflected in their daily time sheets or other mutually acceptable means of determination, and shall be charged directly.

In determining the cost to be assessed for the rendering of services as 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 properly allocable thereto. Such percentage shall be calculated on the basis of budgeted costs and will be adjusted periodically to reflect actual costs. No general overhead shall be added to costs incurred for services of non-affiliated consultants. In addition, the utility providing service shall be reimbursed for actual travel or other expense of personnel rendering service.

The term "general overhead" shall include (a) pension and insurance, (b) salaries paid during vacation, holidays, sickness and other authorized absences, and (c) payroll-related taxes.

ARTICLE III

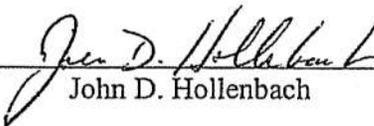
As soon as practicable after the last day of each month, UWDE and or UWPA shall render a bill for all amounts due for services and expenses for such month, computed pursuant to Article II. Such bills shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall be paid within a reasonable time after receipt of the bill therefor.

It is understood by both UWPA and UWDE that each has entered, or may enter, into similar agreements with other Utility Companies that are affiliated with UWW to which similar services are to be furnished. Neither UWDE nor UWPA will enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

VERIFICATION

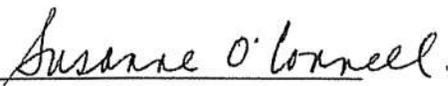
STATE OF PENNSYLVANIA)
) ss:
COUNTY OF DAUPHIN)

I, John D. Hollenbach, being duly sworn, depose and state that I am the Vice President and General Manager of United Water Pennsylvania, the corporation named and described in the foregoing Agreement; that I have read the foregoing Agreement and know the contents thereof to be true.



John D. Hollenbach

Sworn to before me this 20th
Day of June, 2001



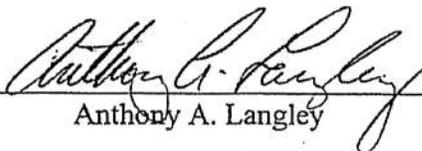
Notary Public

SUSANNE O'CONNELL
Notary Public of Delaware
My Commission Expires May 7, 2003

VERIFICATION

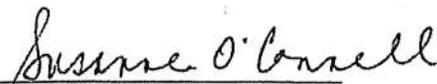
STATE OF DELAWARE)
) ss:
COUNTY OF NEW CASTLE)

I, Anthony A. Langley, being duly sworn, depose and state that I am the Vice President and General Manager of United Water Delaware, the corporation named and described in the foregoing Agreement; that I have read the foregoing Agreement and know the contents thereof to be true.



Anthony A. Langley

Sworn to before me this 20th
Day of June, 2001



Notary Public

SUSANNE O'CONNELL
Notary Public of Delaware
My Commission Expires May 7, 2003

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BTS-G-20
(Cagle)

BTS-G-20 In response to Data Request G-3, SWPA-WD stated that all service charges are “at cost”. However, the AIA’s Paragraph II, Section 10, indicated that an affiliate receiving the services will pay an affiliate providing services at the “lower of a cost or market”. Please identify the method that SWPA-WD will utilize to pay its affiliates for receiving and providing O&M Services.

Response:

If the business unit (either providing or receiving the services) determines that the services are appropriate (i.e. the utilization of such services makes both operational and economic sense, and is therefore beneficial to the ratepayers of SWPA), the cost charged will be the cost as described in BTS-G-10. It is the Company’s intent to make a determination of the best cost alternative at the time the services are engaged. It is not the intent of the Company to utilize affiliate services regardless of its cost. Therefore, the Company anticipates that, if utilized, the affiliate services will be at the lower of cost or market.

Response provided by: James Cagle
Vice President, Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.

Date: March 6, 2019

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Bureau of Technical Utility Services Water/Wastewater Division

Data Request Set 2

BTS-G-21
(Cagle)

BTS-G-21 SWPA-WD's response to Data Request G-5 does not identify any services SWPA-WD will provide to its intra-sector affiliate, SUEZ Water Bethel Inc. (SWBI), and contains a vague statement concerning non-consistent services. Please provide a list of all services SWPA-WD will provide and the cost or cost reduction associated with these services. This list should specify, at minimum, the receiving entity, the service, and the cost or cost reduction.

Response:

While an approved affiliate agreement exists between SWPA and SWBE, generally no charges are recorded as SWBE receives service primarily from SWDE. Please also see the responses to BTS-G-7 which provides a further breakdown of services currently provided by SWPA and amounts for 2017.

Response provided by: James Cagle
Vice President, Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.

Date: March 6, 2019