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October 27, 2021

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

VIA ELECTRONIC FILING

RE: Joint Application of Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. for all approvals pursuant to Sections 1102(a)(3), (4), and 1103 of the Pennsylvania Public Utility Code, and as otherwise required under the Pennsylvania Public Utility Code for the change in control of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc.; Docket Nos. A-2021-3026515, A-2021-3026522 and A-2021-3026523

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Joint Petition for Approval of Settlement on behalf of Veolia Environnement S.A. ("Veolia"), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia ("Veolia North America"), SUEZ S.A., a French société anonyme ("SUEZ"), SUEZ Water Pennsylvania Inc. ("SWPA"), a Pennsylvania corporation, and SUEZ Water Bethel Inc. ("SWB"), a Pennsylvania corporation (together, the "SUEZ Pennsylvania Utilities") (collectively, "Joint Applicants"), along with the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA").

The Joint Petitioners request approval of the settlement at the earliest possible public meeting, and no later than December 2, 2021.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served via email. We are also filing these documents electronically. We can provide parties with a hard copy upon request.

If you have any questions regarding the attached documents, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare'.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to Veolia Environnement S.A.
and Veolia North America, Inc.

c: Administrative Law Judge Joel H. Cheskis (jcheskis@pa.gov)
Administrative Law Judge Charece Z. Collins (charcollin@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

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Adeolu A. Bakare

Counsel to Veolia Environnement S.A. and
Veolia North America, Inc.

Dated this 27th day of October, 2021, in Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Veolia Environnement S.A.,	:	
Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc. for all approvals	:	
pursuant to Sections 1102(a)(3), (4), and 1103	:	Docket Nos. A-2021-3026515
of the Pennsylvania Public Utility Code, and	:	A-2021-3026522
as otherwise required under the Pennsylvania	:	A-2021-3026523
Public Utility Code for the change in control of	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc.	:	

JOINT PETITION FOR APPROVAL OF SETTLEMENT

**THE HONORABLE ADMINISTRATIVE LAW JUDGES JOEL H. CHESKIS AND
CHARECE Z. COLLINS:**

Veolia Environnement S.A. ("Veolia"), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia ("Veolia North America"), SUEZ S.A., a French société anonyme ("SUEZ"), SUEZ Water Pennsylvania Inc. ("SWPA"), a Pennsylvania corporation, and SUEZ Water Bethel Inc. ("SWB"), a Pennsylvania corporation (together, the "SUEZ Pennsylvania Utilities") (collectively, "Joint Applicants"), along with the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") (collectively, "Joint Petitioners") hereby join in this Joint Petition for Approval of Settlement ("Settlement") and respectfully request that the Pennsylvania Public Utility Commission ("Commission") approve this Settlement. In support of the Settlement, the Joint Petitioners provide as follows:

I. BACKGROUND

1. On June 11, 2021, the Joint Applicants filed the above-captioned joint applications, which were consolidated, (collectively, the "Joint Application") seeking Commission approval of Veolia's acquisition of a majority or all of the outstanding shares of SUEZ in accordance with a Combination Agreement entered into between those entities on May 14, 2021.

2. On June 15, 2021, the Commission issued Secretarial Letters at the above-captioned dockets instructing the Joint Applicants to serve copies of the Joint Application on each city, borough, town, and county in the service area, as well as all water and wastewater utilities, municipal corporations or authorities with service areas abutting the service areas of the SUEZ Pennsylvania Utilities, and the Department of Environmental Protection ("DEP"). Additionally, the Commission instructed the Joint Applicants to file proof of such service with the Commission by July 12, 2021. The Commission also established a protest and intervention deadline for this proceeding of July 12, 2021.

3. On June 26, 2021, notice of the Application was published in the Pennsylvania Bulletin.

4. Consistent with the Commission's Secretarial Letters, the Joint Applicants served the Application on all impacted municipalities, relevant water and wastewater utilities, and DEP. In addition, on July 12, 2021, the Joint Applicants filed with the Commission their proofs of publication from the Harrisburg Patriot-News, the Delaware County Daily Times, and the Press Enterprise.

5. On July 12, 2021, the OSBA filed a Notice Intervention, CAUSE-PA filed a Petition to Intervene, and the OCA filed a Protest at the above-captioned docket. No other protests, interventions, or notices of appearances were filed in this proceeding.

6. On August 18, 2021, the Pennsylvania Public Utility Commission's Bureau of Technical Utility Services ("TUS") served Set I of its data requests on the Joint Applicants. The Joint Applicants filed and served responses to Set I of TUS's data requests on August 26, 2021.¹

7. On September 14, 2021, TUS served Set II of its data requests on the Joint Applicants. The Joint Applicants filed and served responses to Set II of TUS's data requests on September 24, 2021.

8. The Joint Applicants also responded to informal discovery issued by the OCA and CAUSE-PA. In addition, Commissioner Ralph V. Yanora issued directed questions on July 13, 2021, to which the Joint Applicants responded by way of Supplemental Direct Testimony and Exhibits of John D. Hollenbach, filed on August 19, 2021. The OCA propounded discovery requests on August 19, 2021, to which the Joint Applicants responded. CAUSE-PA issued discovery requests on August 21, 2021, to which the Joint Applicants responded.

9. In accordance with Section 5.231 of the Commission's regulations, 52 Pa. Code § 5.231, and the Commission's policy at *id.* § 69.401, the Joint Petitioners engaged in lengthy settlement discussions. As a result of these settlement discussions, the Joint Petitioners entered into a stipulation addressing and resolving the issues raised by OCA, OSBA, and CAUSE-PA ("Stipulation"). The Stipulation was filed with the Commission on October 13, 2021. *See* Appendix A.

¹ On August 30, 2021, the Joint Applicants filed and served a corrected version of the responses to Set I in order to correct clerical errors.

10. Following the filing of the Stipulation, the Commission assigned the Application docket to the Office of Administrative Law Judge. The Honorable Deputy Chief Administrative Law Judge ("ALJ") Joel H. Cheskis and ALJ Charece Z. Collins were assigned to preside over the proceeding. Following informal correspondence between the ALJs and the parties, the ALJs informed the parties that a Prehearing Conference would be scheduled for October 28, 2021. A formal Notice of Prehearing Conference was issued on October 21, 2021.

11. Also on October 21, 2021, the ALJs asked the parties via email whether the Stipulation can be presented as a Joint Petition for Approval of Settlement with Statements in Support, Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs. Consistent with the ALJs' request, the Joint Petitioners hereby submit this Joint Petition for Approval of Settlement, the terms of which are fully set forth herein. The Joint Petitioners are in agreement that the Commission should approve the Joint Application subject to the terms and conditions of this Settlement, without modification.

II. SPECIFIC TERMS OF THE SETTLEMENT

12. In order to resolve all issues in this proceeding, the Joint Petitioners stipulate and agree to the terms and conditions set forth in the Stipulation attached as Appendix A which are incorporated herein by reference as if stated in full.

13. The terms of the Stipulation reflect a carefully balanced compromise of the Joint Petitioners' interests in the above-captioned proceeding. Accordingly, this Settlement, in the opinion of the Joint Petitioners, is in the public interest and should be approved without modification. The Joint Petitioners further agree to waive their rights to file Exceptions and Reply Exceptions if the ALJ adopts the Settlement without modification.

14. The Commission's acceptance of the Settlement would avoid the necessity of further administrative and potential appellate proceedings at substantial cost to the Joint Petitioners and waste of the Commission's resources.

III. CONDITIONS OF SETTLEMENT

15. This document, together with its appendices, represents the entirety of the Settlement. No changes to obligations set forth herein can be made unless they are in writing and expressly accepted by the Joint Petitioners. The Settlement shall be construed and interpreted pursuant to the laws of Pennsylvania.

16. The Settlement is conditioned on the Commission's approval of the terms and conditions contained in the instant Settlement without modification. If the Commission modifies this Settlement in any manner, any of the Joint Petitioners may elect to withdraw from the Settlement and may proceed with litigation. In such event, this Settlement shall be void and have no effect. Such election to withdraw must be made in writing and must be filed with the Secretary of the Commission and served upon each other Joint Petitioner within five (5) business days after the entry of an Order modifying the Settlement.

17. It is also agreed by all Joint Petitioners that the Settlement is a result of compromises. The Commission's approval of the Settlement shall not be construed to represent any party's position on any issue, except to the extent required to effectuate the terms and conditions of this Settlement in this and future proceedings involving the Joint Applicants.

18. The Joint Petitioners agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

19. This Settlement is presented, solely, in the context of this proceeding in an effort to resolve the issues raised in a fair and reasonable manner. Additionally, the Settlement is presented without prejudice to any position that any of the Joint Petitioners may have advanced in the past or may advance in the future, except to the extent required to effectuate the terms and conditions of this Settlement in this and future proceedings involving the Joint Applicants.

20. The Joint Petitioners agree to support the Settlement and make good faith efforts to obtain the Commission's approval of the Application as modified by the Settlement as expeditiously as reasonably possible. Each Joint Petitioner believes the Settlement to be just, reasonable, and in the public interest as set forth in the attached Statements in Support. *See* Appendices F-H. As previously referenced, the Joint Petitioners waive their rights to file Exceptions and Reply Exceptions if the ALJs adopt the Settlement without modification.

21. The Joint Petitioners further acknowledge that the Joint Applicants requested a Final Commission Order on the Application by October 28, 2021, to allow for Closing on the transaction by the end of the calendar year. Accordingly, the Joint Petitioners request Commission approval at the earliest available Public Meeting, but no later than December 2, 2021.

IV. CONCLUSION

WHEREFORE, Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc., SUEZ Water Bethel Inc., the Office of Consumer Advocate, the Office of Small Business Advocate, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania respectfully request that the Commission approve the Joint Application as modified by this Joint Petition for Approval of Settlement, without modification.

Respectfully submitted,



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Kenneth R. Stark (ID # 312945)
Jo-Anne Thompson (ID #325956)
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Respectfully submitted,

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Dated: October 27, 2021

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*Attorneys for the Coalition for Affordable Utility
Services and Energy Efficiency in Pennsylvania*

Dated: October 27, 2021

APPENDIX A

STIPULATION

(Filed with the Commission on October 13, 2021)



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October 13, 2021

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

VIA ELECTRONIC FILING

RE: Joint Application of Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. for all approvals pursuant to Sections 1102(a)(3), (4), and 1103 of the Pennsylvania Public Utility Code, and as otherwise required under the Pennsylvania Public Utility Code for the change in control of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc.; Docket Nos. A-2021-3026515, A-2021-3026522 and A-2021-3026523

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Stipulation between Veolia Environnement S.A. ("Veolia"), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia ("Veolia North America"), SUEZ S.A., a French société anonyme ("SUEZ"), SUEZ Water Pennsylvania Inc. ("SWPA"), a Pennsylvania corporation, and SUEZ Water Bethel Inc. ("SWB"), a Pennsylvania corporation (together, the "SUEZ Pennsylvania Utilities") (collectively, "Joint Applicants"), along with the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA").

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served via email. We are also filing these documents electronically. We can provide parties with a hard copy upon request.

If you have any questions regarding the attached documents, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare'.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to Veolia Environnement S.A.
and Veolia North America, Inc.

c: Marie Intrieri, Bureau of Technical Utility Service (maintrieri@pa.gov)
David Huff, Bureau of Technical Utility Service (dhuff@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

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Counsel for CAUSE-PA



Adeolu A. Bakare

Counsel to Veolia Environnement S.A. and
Veolia North America, Inc.

Dated this 13th day of October, 2021, in Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Veolia Environnement S.A.,	:	
Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc. for all approvals	:	
pursuant to Sections 1102(a)(3), (4), and 1103	:	Docket Nos. A-2021-3026515
of the Pennsylvania Public Utility Code, and	:	A-2021-3026522
as otherwise required under the Pennsylvania	:	A-2021-3026523
Public Utility Code for the change in control of	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc.	:	

STIPULATION

Veolia Environnement S.A. (“Veolia”), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia (“Veolia North America”), SUEZ S.A., a French société anonyme (“SUEZ”), SUEZ Water Pennsylvania Inc. (“SWPA”), a Pennsylvania corporation, and SUEZ Water Bethel Inc. (“SWB”), a Pennsylvania corporation (together, the “SUEZ Pennsylvania Utilities”) (collectively, “Joint Applicants”), along with the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (collectively, “Stipulating Parties”) hereby enter into this Stipulation to address issues raised by the OCA, OSBA, and CAUSE-PA in the above-referenced proceeding. The Stipulating Parties request that the Pennsylvania Public Utility Commission (“Commission”) approve and adopt this Stipulation without modification.

I. TERMS OF THE STIPULATION

1. Operational Stability.

- a. For three years following consummation of the Transaction, the Joint Applicants¹ will (i) not permit a net reduction due to involuntary attrition related to the Transaction in the employment levels at SWPA or SWB; and (ii) provide current employees of the SUEZ Pennsylvania Utilities with compensation and benefits that are at least as favorable in the aggregate as the compensation and benefits currently in place for those employees. In the event changes in management occur, key positions (V.P., Director/Manager of Operations, Finance, Customer Service, Water Quality, EH&S, and Public Relations) will be filled with qualified applicants consistent with the current job descriptions and duties for those positions.
- b. The collective bargaining agreements with the unionized work force that are currently in effect will be honored in full by the Joint Applicants through the remaining terms and beyond the expiration dates until new agreements are negotiated.
- c. The SUEZ Pennsylvania Utilities agree to continue their community presence by maintaining their administrative office in the service territory.

¹ Please note that post-closing of the Transaction, SUEZ will cease to exist in its current form. Therefore, any obligations of the Joint Applicants herein that are scheduled to occur post-closing will be obligations of Veolia, Veolia North America, and the SUEZ Pennsylvania Utilities only.

2. Rate Stability.

- a. The SUEZ Pennsylvania Utilities will not file a general base rate increase pursuant to 66 Pa C.S. § 1308(d) before January 1, 2023, or no sooner than 12 months after the Transaction is consummated, whichever is later.²
- b. The Joint Applicants will not seek recovery of any Transaction or transition costs directly associated with the Transaction, including costs related to brokers' fees, insurance, consulting or advisory costs, accounting fees, or legal fees from SUEZ Pennsylvania Utilities' customers.
- c. The Joint Applicants will not seek recovery from SUEZ Pennsylvania Utilities' customers of any termination fees incurred if the Transaction is not consummated.
- d. The Joint Applicants will ensure that the Transaction closing will not affect ratemaking treatments of the SUEZ Pennsylvania Utilities' Accumulated Deferred Income Taxes ("ADIT"), including excess deferred income taxes, accumulated deferred tax credits and net operating losses. The Joint Applicants commit that no tax election will be employed as a result of this Transaction that would result in a reduction of the pre-closing SUEZ Pennsylvania Utilities' ADIT liability balances.
- e. The Joint Applicants will ensure any accounting treatments associated with the Transaction accounting do not affect rates charged to the SUEZ Pennsylvania Utilities' customers and, more generally, agree that there will be no impact from the Transaction on the SUEZ Pennsylvania Utilities' books of account.

² Changes to the SUEZ Pennsylvania Utilities' distribution system improvement charge, purchased water adjustment clause and state tax adjustment surcharge are not included in this moratorium.

- f. The SUEZ Pennsylvania Utilities will not do the following without Commission authorization:³
- i. Guarantee the debt or credit instruments of any parent or affiliate;
 - ii. Mortgage utility assets on behalf of any parent or affiliate; and
 - iii. Loan money or otherwise extend credit to any parent or affiliate.
- g. The cost of capital used in establishing all water and wastewater rates for the SUEZ Pennsylvania Utilities shall not reflect any risk adjustment associated with its corporate parents or any affiliate not regulated by the Commission.
- h. If equity/debt ratios were to change such that the average long term debt for a calendar year were to comprise more than 55% of the capital structure, the SUEZ Pennsylvania Utilities will report the change to the Commission and to OCA, OSBA, the Commission's Bureau of Investigation & Enforcement (I&E) (collectively, the "Public Advocates").
- i. The existing dividend restriction for the SUEZ Pennsylvania Utilities of below 85% of net income will be maintained or strengthened. The Commission and the Public Advocates be notified if the dividend is to meet or exceed the restriction, prior to the dividend being issued.
- j. For a period of three years commencing on the date of the Commission Order approving the Proposed Transaction, the SUEZ Pennsylvania Utilities will report to the Commission any downgrading of the bonds of SUEZ Water Resources LLC ("SWR") within 30 days of the public notification of such downgrading and, where available, will provide an English language copy of the report of the rating

³ This provision does not restrict the SUEZ Pennsylvania Utilities with regard to transactions governed by the Commission-approved Money Pool Agreement.

agency relating to the downgrading. The report will state the reason for the downgrade and remedial actions intended to strengthen credit ratings.

- k. No goodwill will be recorded on the books of the SUEZ Pennsylvania Utilities as a result of the Transaction.
 - l. No equity or debt issued to finance goodwill will be included in ratemaking capital structure of the SUEZ Pennsylvania Utilities.
 - m. Any goodwill resulting from this transaction will be permanently excluded from rate base of the SUEZ Pennsylvania Utilities in establishing future rates subject to the Commission's jurisdiction and also will be excluded from the SUEZ Pennsylvania Utilities' capital structures for ratemaking purposes.
 - n. No costs or expenses for operating Veolia's Nuclear Solutions Business Unit or its operations in Europe, Africa, Asia, Australia or South America, including but not limited to Argentina, will be passed down to the SUEZ Pennsylvania Utilities.
3. Low Income Programming.
- a. Within 90 days of consummation of the Transaction, the SUEZ Pennsylvania Utilities shall establish a Low Income Advisory Committee ("LIAC").
 - i. The LIAC shall meet at least twice annually until the SUEZ Pennsylvania Utilities' next base rate cases. The frequency of subsequent LIAC meetings will be determined in SUEZ Pennsylvania Utilities' next rate case, but shall not be less than at least one meeting annually.
 - ii. Membership of the LIAC shall include interested parties to this proceeding (the Joint Applicants, OCA, CAUSE-PA, and the OSBA), as well as interested representatives from the Bureau of Consumer Services and I&E

(“LIAC Members”). The other LIAC Members will assist the SUEZ Pennsylvania Utilities in identifying community-based organizations, social service providers serving low income customers and other vulnerable groups, and other interested parties in SUEZ Pennsylvania Utilities’ service territories. Subject to the consent of each LIAC Member, which shall not be unreasonably withheld, representatives from these community-based organizations, social service providers, and other interested parties (“Additional LIAC Participants”) will be invited to provide input at the LIAC meetings. On at least an annual basis, LIAC Members will review the LIAC meeting invitation list and evaluate whether additional parties should be invited to provide input at LIAC meetings as Additional LIAC Participants and whether any existing Additional LIAC Participants should be removed from the invitation list.

- iii. In its initial meetings leading up to SUEZ Pennsylvania Utilities’ next base rate cases, the LIAC will focus on evaluating potential improvements to the SUEZ Pennsylvania Utilities’ low-income programs, including but not limited to developing i) a Customer Assistance Program that includes rate discount and arrearage management components; ii) changes that expand CARES enrollment; and iii) expansion of CARES benefits to include monthly bill reductions as an alternative to a one-time grant. The LIAC will also discuss potential improvements to the SUEZ Pennsylvania Utilities’ processes for verifying program eligibility and communicating with customers with limited English proficiency. Customer-identifiable

information will not be produced or provided to LIAC Members or Additional LIAC Participants during or as a result of LIAC meetings.

- iv. The Joint Applicants will use input from the LIAC to propose changes to the SUEZ Pennsylvania Utilities' low-income programs in their next base rate cases (see paragraph 2.a. related to timing for the base rate filing). The changes will include the following, unless any such change conflicts with a Commission Order, regulation, statute, or statement of policy:
 1. Bill discount component based on a percentage of bill, percentage of specific charges, or percentage of household income.
 2. Arrearage management component, which allows customers to earn arrearage forgiveness for each full monthly payment.
 3. SUEZ CARES grant component.
 4. Service Line Leak Repair and Conservation component that provides resources for leak repairs and conservation measures available to low-income customers at no upfront cost to the low income customer.
- v. Following SUEZ Pennsylvania Utilities' next base rate cases, the LIAC will continue to meet at least once annually (as determined in SUEZ Pennsylvania Utilities' next rate case as detailed in paragraph 3.a.i. above) with respect to the company that has completed its base rate case, SUEZ will make best efforts to begin tracking the following information and share the following data, when it becomes available, and will invite

comments and input to improve the accessibility of its programs and related policies and practices:⁴

1. Number of confirmed low-income customers (defined as the number of customers for whom SUEZ has information indicating household income at or below 150% FPL).
 2. Number of SUEZ CARES grants awarded.
 3. Average amount of SUEZ CARES grants awarded.
 4. Number of customers enrolled in each approved program.
- vi. Veolia commits to providing a shareholder contribution of \$300,000 to support the low-income program changes presented in this future base rate case. Unspent funds will be rolled over and added to the budget for the following year. The SUEZ Pennsylvania Utilities reserve the right to propose ratepayer recovery for all costs associated with the low income programming changes referenced in Paragraph 3 beyond this initial \$300,000 shareholder contribution.
- b. Additionally, as stated in the Application, Veolia commits to expanding its shareholder-funded relief to low-income customers. Once the Transaction is consummated, a total of \$50,000 will be contributed collectively to the SUEZ Pennsylvania Utilities' CARES grant program annually until approval of the SUEZ Water Pennsylvania Inc.'s next base rate case. Thereafter, a minimum \$20,000 annual contribution will be made to support the SUEZ Pennsylvania Utilities' CARES program, though a higher annual contribution level may be established as part of any future proceeding. All unspent funds will be rolled over

⁴ Customer-identifiable information will not be included in this data production.

and added to the budget for the CARES program in the following year. If, at the end of any year, the CARES grant budget falls below \$50,000, rollover funds will be first used to replenish the grant budget. This annual contribution may be evaluated in subsequent base rate cases of the SUEZ Pennsylvania Utilities, subject to the minimum contribution level identified above. CARES will be expanded to include wastewater customers. Maximum annual grant assistance available to a residential consumer through CARES shall be increased to \$300 per year for water and \$150 per year for wastewater within 90 days of Closing of the Transaction. This grant amount may be subject to review and modification in future Commission proceedings, but in any event shall not be decreased.

- c. The SUEZ Pennsylvania Utilities will promote the CARES programs and other low income programs through public advertising and community outreach within the SUEZ Pennsylvania Utilities' service territories. No other program rules related to the CARES program will be diminished.
 - d. The Joint Applicants will work with the state agencies, the parties to this proceeding, and other interested stakeholders to fully implement and participate in other low-income programs which are currently being developed, including the Low Income Household Water Assistance Program funded by the American Rescue Plan and the Consolidated Appropriations Act of 2021 and other state or federally funded plans.
4. Customer Service Policies
- a. Within 180 days of the consummation of the Transaction, the SUEZ Pennsylvania Utilities will review with the LIAC their policies regarding language access,

protections for victims of domestic violence and medically vulnerable households, as well as their policies for complying with the Discontinuance of Service to Leased Premises Act, and will solicit from the LIAC methods to improve their interactions with these vulnerable consumers. Within 90 days of the consummation of the Transaction, SUEZ Pennsylvania Utilities will provide LIAC members with copies of all applicable policies, procedures, and training materials related to these topics.

5. Arrearage/COVID-19 Relief.

- a. Veolia proposes that its shareholders would contribute an amount equal to 30% of residential and commercial arrears that are more than 60 days overdue, measured as of the date of a Commission Order approving the Transaction, which will be passed along to customers through bill credits. Only active customers and those who have been terminated within the past 12 months will be eligible to receive this bill credit, which will appear on customers' bills within 90 days of consummation of the Transaction. This bill credit will be automatically applied to the accounts of active customers. For customers who have been terminated within the past 12 months, these credits will be applied once they call to reestablish their accounts.
- b. All residential and commercial customers and applicants with an arrears of 60-days old, measured as of the date of the Commission's Order approving the Transaction and including customers and applicants who have had service disconnected for 12 months or less, will be offered a 24-month payment plan with no upfront payment for reconnection.

- c. For customers and applicants subject to paragraphs 5.a. and 5.b., SUEZ Pennsylvania Utilities will make at least two phone calls on different days and at different times of the day and will send at least one written notice advising consumers of the credit and offering a 24-month payment arrangement for any remaining arrears.
 - d. As of June 21, 2021, 30% of the residential and commercial arrears balance at more than 60 days overdue equaled approximately \$300,000.
 - e. The arrearage relief set forth here shall be incremental to any state, local, or federally funded utility assistance programming or other charitable assistance programming, including SUEZ Pennsylvania's CARES program.
6. Affiliate Interest Agreements.
- a. No changes will be made to the SUEZ Pennsylvania Utilities' affiliate interest agreement with SUEZ Water Management and Services Inc. or other affiliate agreements as a result of the Transaction.
 - b. No charges from any Veolia subsidiaries shall be made to the SUEZ Pennsylvania Utilities, directly or indirectly, unless and until modified affiliated services agreements are approved by the Commission.
 - c. To the extent upstream changes occur in the future that require any amendment to affiliate interest agreements or arrangements, the SUEZ Pennsylvania Utilities will seek all necessary regulatory approvals in advance of finalizing such changes.
7. Service Quality and Capital Plans.
- a. The Joint Applicants will adequately fund and maintain the SUEZ Pennsylvania Utilities' treatment, transmission and distribution and collection systems and

supply the service needs of SUEZ Pennsylvania Utilities' customers in accordance with the Public Utility Code and applicable provisions of the Commission's regulations, orders and policy statements including, but not limited to, all water quality, pressure and quality of service standards.

- b. The Joint Applicants will continue to implement the SUEZ Pennsylvania Utilities' existing capital plans through 2024. Similarly, the Joint Applicants intend to adopt SWPA's Long-Term Infrastructure Improvement Plan that is in place through 2026.
- c. Veolia will evaluate the potential of its Actiflo⁵ and other technologies to reduce the costs of water treatment.
- d. Veolia will ascertain whether and how to implement its Hubgrade data optimization system within existing budgets to conduct probabilistic assessments for prioritization of capital projects, identify and reduce leaks, and generally improve system performance at reduced costs.⁶
- e. After the efforts outlined in (c) and (d) are completed, the Joint Applicants will develop and, subject to any required Commission review, implement a best practices plan, including a cost-benefit analysis related to any planned operational changes. In the event any current management system is replaced, recovery of any stranded costs of the existing system will not be sought.

⁵ Actiflo is a Veolia-patented high-performance water clarifier for municipal and industrial water treatment offering compact, high flow rate water clarification. It has been exclusively developed by Veolia Water Technologies.

⁶ Hubgrade encompasses a wide range of digital solutions for monitoring, evaluating, and optimizing data which combined with human expertise allows optimization of facilities and infrastructure. *See* Application, p. 19.

8. Community Benefits.

- a. As stated in the Application, Veolia will not only continue to provide financial and educational support to its local communities through the SUEZ Pennsylvania Utilities, but further improve upon the level of presence and engagement in Pennsylvania that now exists. In addition to preserving the approximately \$66,000 contributed by SUEZ Pennsylvania Utilities over the prior three-year period, Veolia's shareholders will contribute an additional \$50,000 per year in support of community, charitable, or conservation and sustainability organizations impacting the SUEZ Pennsylvania Utilities' service territories beginning the calendar year following Closing of the Transaction. These contributions shall not be recovered in the rates of SUEZ Pennsylvania Utilities' customers. SUEZ will file its charitable contribution spending annually with the Commission and serve the Public Advocates and CAUSE-PA.
- b. The Joint Applicants will build and expand upon the community activities in which the SUEZ Pennsylvania Utilities are currently engaged and additionally will work with local communities to identify how the Joint Applicants can improve relations with the communities.
- c. In addition to continuing the SUEZ Pennsylvania Utilities' existing community outreach programs, the Joint Applicants will continue to coordinate with community leaders in Pennsylvania. The Joint Applicants are committed to supporting the communities the SUEZ Pennsylvania Utilities serve, whether through collaborating to support local events or supporting local organizations.

9. Records.

- a. The SUEZ Pennsylvania Utilities' Annual Reports to the Commission shall include a complete, English-language copy of the annual report of Veolia. This requirement can be satisfied by providing an Internet link to an English-language copy.
- b. Whenever the SUEZ Pennsylvania Utilities are requested to provide documents to the Commission, or in any proceeding before the Commission, concerning the operations of Veolia or any other subsidiaries or holdings of Veolia, those documents shall be provided in English. If the original document is not in English, then the SUEZ Pennsylvania Utilities must verify the accuracy of the English-language translation.

10. Ring-Fencing.

- a. All currently existing ring-fencing, including all ring-fencing described in **Attachment A**, will remain in place for at least two years from consummation of the Transaction.
- b. After the two-year period referenced in Paragraph 10.a., the Joint Applicants will notify the Public Advocates regarding any changes to existing ring-fencing 60 days in advance of such changes taking effect and seek any necessary Commission approvals.
- c. Related to existing commitments to utility regulatory agencies in New Jersey and New York:

- i. Through December 31, 2023, should the common equity ratio of SWR fall below 50 percent on a 12-month rolling basis, the Joint Applicants will notify the Public Advocates.
 - ii. Through February 27, 2024, if the equity portion of the SWR capital structure rises above 54% at December 31, the Joint Applicants will notify the Public Advocates.
- d. Long-term debt financial covenants for SWR which contribute to the existing ring-fencing of SWR will remain in place for at least four years following the consummation of the proposed transaction, including:
 - i. Regulated Utility Revenues must be 90% of the consolidated revenues of SWR.
 - ii. The minimum consolidated tangible net worth is \$900 million.
 - iii. Net utility assets no less than \$400 million.
 - iv. The debt portion of the capital structure of SWR is limited to 65% of Total Capitalization.
 - v. Short Term Debt may not exceed 20% of Total Capitalization.
 - vi. Total secured debt cannot be more than 15% of total indebtedness or \$15 million. Currently, SWR has no secured debt.
 - vii. A subsidiary of SWR may not have more than \$15 million of secured debt. Currently, there is no secured debt at the SWR subsidiary level.

11. Other Transaction-Related Commitments.

- a. Except as modified by this Stipulation, the Joint Applicants will adhere to all other commitments in the Joint Application filed on June 14, 2021 at the above-referenced docket.

II. CONCLUSION

THEREFORE, the Stipulating Parties, by their respective counsel, hereby evidence their agreement to the terms of the Stipulation set forth above and request respectfully that the Commission adopt the Stipulation in the Final Order of this case.

Respectfully submitted,



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Dated: October 13, 2021

Attachment A

The following ring-fencing measures are currently in place for the SUEZ Pennsylvania Utilities:

Organizational Structure:

Regulated and unregulated functions are organized as separate corporate structures. Within the current structure of SUEZ Water Resources LLC (“SWR”), each utility is a separate legal entity and, outside of SUEZ Operations Inc. (“SOI”), Corwick Realty Company (“Corwick”), and SUEZ Water New Jersey Inc.’s 50% interest in The Dundee Water Power and Land Company which are immaterial, they are all regulated by a Commission or other economic regulator.

Corporate subsidiaries maintain their own corporate officers and directors.

Corporate subsidiaries maintain their current status as subsidiaries and are organized in a manner that provides corporate separation of regulated and non-regulated activities.

Employees of the regulated entities are not direct employees of the parent or non-regulated entities.

Accounting:

Each utility subsidiary of SWR (singularly, a “Utility Subsidiary” or collectively, the “Utility Subsidiaries”) maintains its own accounting records and financial statements to reflect its own assets and liabilities.

Affiliate Agreements:

Transactions among the Utility Subsidiaries and their corporate affiliates take place pursuant to the terms of a Commission-approved affiliated agreement where required.

Debt Issuances:

Each Utility Subsidiary maintains the capability to issue its own long-term debt (with such debt issuances subject to Commission approval if required). Historically, debt is issued at the immediate parent level (i.e., the SWR level) for the benefit of each SWR subsidiary. This methodology has been utilized for ratemaking in each of the Company’s base rate cases. In the event subsidiary debt should be issued, such issuances would be made in accordance with any required Commission approvals.

The Utility Subsidiaries do not pledge or encumber their assets or make any loan guarantees for the benefit of corporate affiliates.

No Utility Subsidiary assumes debt issued by a holding company nor does any Utility Subsidiary guarantee any debt for its parent or affiliates. If such debt were assumed or guaranteed, all applicable Commission approvals would be sought.

The SWR subsidiaries each participate in an approved money pooling agreement as required by the applicable regulatory commission.

Currently, no debt exists at any of SWR's Utility Subsidiaries except for an immaterial amount of legacy debt (approximately \$63k) at SUEZ Water New Jersey Inc. ("SWNJ"). In the past, debt that was issued at a utility subsidiary level maintained its own credit rating. SWNJ debt is currently rated "A" by S&P Global.

Money pooling:

Money pools are maintained separately for regulated and unregulated operations. The current Money Pooling agreement includes SWR entities only. Only SWR's unregulated affiliates (SOI and Corwick) are included. Per the current Money Pooling agreement, SOI and Corwick may only be net contributors to the money pool.

Governance Measures:

The following governance measures are currently in place:

- Stitching Depository PGGM Infrastructure Funds, acting in its capacity as title holder of PGGM Infrastructure Fund (together, "PGGM"), a cooperative Dutch pension fund service provider, headquartered in the Netherlands, is the 20% owner of SUEZ Utility Holdings Inc. ("SUHI"), the immediate parent company of SWR. Anti-dilutive measures are in place to ensure PGGM can maintain its economic interest at current levels and there are no cross-default provisions between SUEZ S.A. and SUEZ Utility Holdings Inc. (or its subsidiaries).
- As a part of the current governance structure, in recognition of PGGM's 20% ownership in SUHI, SUHI's Board of Directors comprises members from SUEZ (3 employee directors), PGGM (1 director and 1 non-voting observer) and one non-employee (independent) director.

APPENDIX B

PROPOSED FINDINGS OF FACT

1. Veolia Environnement S.A. ("Veolia"), Veolia North America, and SUEZ S.A. ("SUEZ") are experienced in the provision of water and wastewater service across multiple countries. Joint Application at 4, 6; Joint Applicants Statement No. 1 – Direct Testimony of Keith Oldewurtel ("Joint Applicants Statement No. 1") at 7-8, 16; Joint Applicants Statement No. 2 – Direct Testimony of John Hollenbach ("Joint Applicants Statement No. 2") at 22.
2. Through its extensive international expertise owning and operating water, wastewater, and other resource management operations, Veolia has the legal, technical and financial fitness to own and operate the SUEZ Pennsylvania Utilities. Joint Application at 14-17; Joint Applicants Statement No. 1 at 19.
3. On May 14, 2021, Veolia and SUEZ executed a Combination Agreement to establish the terms and conditions of the combination of the two companies. Joint Application at 1.
4. The underlying Transaction is complex, subject to multiple conditions, and requires regulatory approvals in multiple United States and foreign jurisdictions. Joint Application at 6-10, 22-23.
5. Subject to satisfaction of certain conditions precedent and receipt of regulatory approvals, and in order to minimize market volatility, Veolia and SUEZ seek to consummate the Transaction by the end of 2021. Joint Application at 8.
6. The Transaction would result in Veolia being the "beneficial owner of the largest voting interest" in SUEZ. Joint Application at 10.
7. Day-to-day operations and customer service will remain the same before and after the Transaction. Joint Applicants Statement No. 1 at 13.
8. Veolia will continue SUEZ Pennsylvania Utilities' capital plan, including implementing potential improvements to customer service, continued robust access to the financial markets, and continued and enhanced community engagement. Joint Application at 2, 14, 19; Joint Applicants Statement No. 1 at 22.
9. Veolia's experience and expertise will enable the SUEZ Pennsylvania Utilities to further develop technological solutions to satisfy the need for safe and sufficient supplies of water, and to create value and opportunities for its employees, shareholders, and customers. Joint Application at 2, 7, 19; Joint Applicants Statement No. 1 at 19.
10. Veolia, by combining the expertise of both SUEZ and Veolia in water treatment and water storage, will be able to meet future challenges such as the increasing demand for clean water, compliance with stricter regulatory mandates, addressing climate change, finding solutions to the rising costs of water, and responding to threats posed by

pandemics such as the continuing COVID-19 pandemic. Joint Application at 6-7; Joint Applicants Statement No. 1 at 16.

11. Veolia has significant experience evaluating technology solutions to improve water clarification and purification, softening, disinfection, purification, and mobile drinking water production systems, which the SUEZ Pennsylvania Utilities can leverage for their water treatment processes. Joint Application at 20.
12. After consummation of the Transaction and for a period of at least three years thereafter, no material changes will be made by Veolia to the management, employees, employee compensation and benefits, property, plant, equipment, or other contract rights and obligations of the SUEZ Pennsylvania Utilities. Joint Application at 12; Joint Applicants Statement No. 1 at 23; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 1.
13. Veolia will proceed with planned capital investments and improvements made pursuant to any current or future Commission-approved Long Term Infrastructure Plan. Joint Application at 12; Joint Applicants Statement No. 1 at 14.
14. Veolia will honor all collective bargaining agreements in effect as of the closing of the proposed Transaction through the remaining terms and beyond the expiration dates thereof until new agreements are negotiated. Joint Application at 12; Joint Applicants Statement No. 1 at 14; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 1.
15. The acquisition of SUEZ's shares will occur at the ultimate parent level and none of the costs related to the proposed Transaction will be passed down to the SUEZ Pennsylvania Utilities or other subsidiaries. Joint Application at 13; Joint Applicants Statement No. 3 – Direct Testimony of James Cagle ("Joint Applicants Statement No. 3") at 8; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 2(b).
16. Because the only organizational change associated with the Transaction is at the parent company level, the SUEZ Pennsylvania Utilities' workforce levels and community and civic involvement will remain the same post-Transaction. Joint Application at 20.
17. All financial projections between the SUEZ Pennsylvania Utilities and other SUEZ entities currently in place will continue without change. Joint Application at 13, Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 2(c)-(n).
18. No transaction or transition costs associated with the proposed Transaction will be requested for recovery in rates from SUEZ Pennsylvania customers. Joint Application at 13; Joint Applicants Statement No. 1 at 23; Joint Applicants Statement No. 3 at 8; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 2(b).
19. The SUEZ Pennsylvania Utilities' capital structure will not change as a result of the Transaction. Joint Application at 13.
20. Veolia, Veolia North America, Veolia subsidiaries and affiliates in the Transaction will not pledge or use as collateral, any assets of the SUEZ Pennsylvania Utilities, SUEZ Water Resources ("SWR"), or any of SWR's subsidiaries. Joint Application at 13.

21. Veolia maintains a stable credit outlook of Baa1/Prime-2 from Moody's and BBB/A-2 from Standard and Poor's, has ready access to the financial markets and will be able to support the SUEZ Pennsylvania Utilities' capital and other financial needs. Joint Application at 17; Joint Applicants Statement No. 1 at 5.
22. Any future changes to the SUEZ Pennsylvania Utilities' rates or tariffs will remain subject to Commission review and approval. Joint Application at 13; *see* Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 2(e)-(m).
23. The SUEZ Pennsylvania Utilities will continue to operate as Pennsylvania public utilities subject to the continuing jurisdiction and oversight of the Commission and comply with all applicable Commission rules and regulations. Joint Application at 14.
24. Veolia offers multichannel systems for customers globally and in the United States, such as the Hubgrade Smart Digital Solutions to communicate with Veolia, including service centers, local and mobile branches, web portals, mobile applications for smartphones, and payment and social support platforms. Joint Application at 19; Joint Applicants Statement No. 1 at 21.
25. Veolia's Hubgrade Smart Digital Solutions combines real-time data, advanced analytics, and human expertise to create new opportunities to manage and optimize water systems. Joint Application at 19; Joint Applicants Statement No. 1 at 21.
26. The SUEZ Pennsylvania Utilities and their employees support their local communities in many ways by participating in local community events and fundraisers and serving on the boards of non-profit organizations. Joint Application at 20-21; Joint Applicants Statement at 24; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 2(b).
27. Veolia will not only continue to provide financial and educational support to its local communities through the SUEZ Pennsylvania Utilities, but further improve upon the level of presence and engagement in Pennsylvania that now exists. Joint Application at 21; Joint Applicants Statement No. 1 at 6; Joint Petition for Settlement, Appendix A (Stipulation) at ¶¶ 3, 8.
28. Many SUEZ customers experienced a significant financial toll due to the COVID-19 pandemic, with some experiencing high arrearages and greater risk of service termination. Joint Application at 21.
29. Disadvantaged communities and low-income residents have been particularly impacted by the COVID-19 pandemic. Joint Application at 21.
30. Cost burdens on low-income customers in particular are increasing due in part to the COVID-19 pandemic. Joint Application at 22.
31. The SUEZ Pennsylvania Utilities' low-income programming currently consists of the SUEZ CARES program, which provides grant assistance to low-income customers or

customers that experience a temporary financial crisis. Joint Applicants Statement No. 2 at 15.

32. The SUEZ Pennsylvania Utilities will establish a Low-Income Advisory Committee and utilize input from the committee to develop improvements to its low-income programs, which they will propose in their next base rate case. This future proposal will include bill discount, arrearage management, service line repair/conservation, and hardship grant components. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 3.
33. Veolia will provide financial support to reduce arrearages caused by the COVID-19 pandemic by having its shareholders contribute an amount equal to 30% of residential and commercial arrears that are more than 60 days overdue. Joint Application at 21; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 5.
34. Veolia will contribute additional funding in light of the hardships imposed by COVID-19 to low-income customers, and to help improve the ability of low-income customers to connect and maintain safe service to their home. Joint Application at 21; Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 3.
35. The SUEZ Pennsylvania Utilities agree to continue their community presence by maintaining their administrative office in the service territory. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 1(c).
36. Veolia will adequately fund and maintain the SUEZ Pennsylvania Utilities' treatment, transmission, and distribution and collection systems and supply the needs of SUEZ Pennsylvania Utilities' customers, consistent with the Commission's water quality, pressure, and quality of service standards. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 7(a).
37. No changes will be made to the SUEZ Pennsylvania Utilities' affiliate interest agreement with SUEZ Water Management and Services Inc. or other affiliate interest agreements as a result of the Transaction. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 6.
38. All existing ring-fencing measures will remain in place for at least two years from the consummation of the Transaction. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 10(a), Attachment A (ring-fencing measures in place for SUEZ Pennsylvania Utilities).
39. Long-term debt financial covenants for SUEZ Water Resources which contribute to the existing ring-fencing of SUEZ Water Resources will remain in place for at least four years following the consummation of the Transaction. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 10(d).
40. Except as modified and enhanced by the Settlement in this proceeding, Veolia and SUEZ will adhere to all the commitments expressed in the Joint Application. Joint Petition for Settlement, Appendix A (Stipulation) at ¶ 11.

APPENDIX C

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the parties and subject matter of this proceeding. 66 Pa. C.S. §§ 1102(a)(3), 1102(a)(4) and 1103.
2. The Public Utility Code provides that the Commission must issue a Certificate of Public Convenience as a legal prerequisite to a public utility prior to certain transfers by public utilities, including in situations of mergers and transfers of stock. 66 Pa. C.S. § 1102(a)(3); *see also* 52 Pa. Code § 69.901 (Utility Stock Transfer Under 66 Pa. C.S. § 1102(a)(3) – Statement of Policy).
3. As the movants and Joint Applicants, Veolia, SUEZ, and the SUEZ Pennsylvania Utilities have the burden to demonstrate that the Joint Application should be granted and that Certificates of Public Convenience should be issued. 66 Pa. C.S. § 332. *Se-Ling Hosier v. Margulies*, 70 A.3d 854 (Pa. 1950); *Samuel J. Lansberry, Inc. v. Pa. P.U.C.*, 578 A.2d 600 (Pa. Cmwlth. 1990).
4. A Certificate of Public Convenience will be issued "only if the Commission shall find or determine 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).
5. The Commission will approve a Certificate of Public Convenience if the proposed transfer 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*, 295 A.2d 825, 828 (Pa. 1972).
6. The "substantial public interest" standard is satisfied by a preponderance of the evidence of benefits, which can be established by showing a likelihood or probability of public benefits. *Popowsky v. Pa. Pub. Util. Comm'n*, 937 A.2d 1040, 1057 (Pa. 2007).
7. An entity with a controlling interest in a public utility must demonstrate that it possesses the requisite technical, financial, and legal fitness to provide public utility service. *See, e.g., Re: O'Connor*, 54 Pa. PUC 547, 549-550 (Nov. 20, 1980); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240, 245 (Pa. Super. 1958).
8. The Commission encourages and promotes settlements. 52 Pa. Code §§ 5.231, 69.401.
9. The Joint Application, as modified by the Joint Petition for Settlement, provides substantial affirmative public benefits.
10. The Joint Applicants demonstrated through a preponderance of the evidence and substantial evidence of record, that the Joint Application, as modified by the Joint Petition for Settlement, will affirmatively promote the service, accommodation, convenience, or safety of the public in substantial ways.

11. Veolia is legally, technically, and financially fit to provide public utility water and wastewater services through its acquisition of the SUEZ Pennsylvania Utilities. *See, e.g., Re: O'Connor*, 54 Pa. PUC 547, 549-550 (Nov. 20, 1980); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240, 245 (Pa. Super. 1958).

APPENDIX D
PROPOSED ORDERING PARAGRAPHS

IT IS ORDERED:

1. That the Joint Application filed by Veolia Environnement S.A. ("Veolia"), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia ("Veolia North America"), SUEZ S.A., a French société anonyme ("SUEZ"), SUEZ Water Pennsylvania Inc. ("SWPA"), a Pennsylvania corporation, and SUEZ Water Bethel Inc. ("SWB"), a Pennsylvania corporation (together, the "SUEZ Pennsylvania Utilities") (collectively, "Joint Applicants"), as modified by the Joint Petition for Settlement filed on October 27, 2021 ("Settlement") , is approved without further modification.
2. The Settlement is approved without modification.
3. That the Commission's Secretary's Bureau issue Certificates of Public Convenience evidencing the right of Veolia Environnement S.A. and Veolia North America, Inc. under Sections 1102(a)(1) and 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 1102(a)(1) and 1102(a)(3), to acquire the water and wastewater system assets of SUEZ Water Pennsylvania Inc. and the water system assets of SUEZ Water Bethel Inc. through Veolia's acquisition of a majority or all of the outstanding shares of SUEZ in accordance with a Combination Agreement entered into between Veolia and SUEZ on May 14, 2021.
4. That within thirty (30) days following consummation of the Transaction approved by Ordering Paragraph Nos. 1, Veolia North America, Inc. shall notify this Commission of the effective date of the Transaction and of the post-Closing corporate structure selected by Veolia.
5. That if the Joint Applicants determine that the Transaction will not occur, they shall promptly file notice of such determination with the Commission.
6. That all such other approvals, certificates, and relief as may be necessary and required under the Public Utility Code for Veolia to be authorized to acquire a majority or all of the outstanding shares of SUEZ, in accordance with a Combination Agreement entered into between Veolia and SUEZ on May 14, 2021, are hereby issued.
7. That upon filing of either notice directed by Ordering Paragraph Nos. 4 or 5 above, the proceedings at Docket Nos. A-2021-3026515, A-2021-3026522, A-2021-3026523 shall be marked closed.

APPENDIX E
JOINT APPLICANTS' STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Deputy Chief Administrative Law Judge Joel H. Cheskis
and Administrative Law Judge Charece Z. Collins

Joint Application of Veolia Environnement S.A.,	:	
Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc. for all approvals	:	Docket Nos. A-2021-3026515
pursuant to Sections 1102(a)(3), (4), and 1103	:	A-2021-3026522
of the Pennsylvania Public Utility Code, and	:	A-2021-3026523
as otherwise required under the Pennsylvania	:	
Public Utility Code for the change in control of	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc.	:	

**JOINT APPLICANTS’
STATEMENT IN SUPPORT OF JOINT PETITION
FOR APPROVAL OF SETTLEMENT**

Veolia Environnement S.A. (“Veolia”), a French *société* anonyme, Veolia North America, Inc., (“Veolia North America”), SUEZ S.A. (“SUEZ”), SUEZ Water Pennsylvania Inc. (“SWPA”), and SUEZ Water Bethel Inc. (“SWB”) (SUEZ, SWPA and SWB are referred to together as the “SUEZ Pennsylvania Utilities”), (collectively, the “Joint Applicants”) by and through their counsel, submit that the Joint Petition for Approval of Settlement (“Joint Petition” or “Settlement”) concurrently filed with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) in the above-captioned consolidated proceedings reflects a settlement that is in the public interest and otherwise satisfies the requirements of the Pennsylvania Public Utility Code (“Code”) for a transfer of control of the SUEZ Pennsylvania Utilities.

The Settlement is also signed by the Office of Consumer Advocate (“OCA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and the Office of Small Business Advocate (“OSBA”) (together with the Joint Applicants, the “Parties” or “Joint Petitioners”). The Joint Petitioners have agreed upon the terms embodied in the Settlement. The Joint Applicants offer this Statement in Support to demonstrate further that the Settlement is a reasonably balanced resolution that serves the public interest and should be approved without modification.

BACKGROUND

1. On June 11, 2021, the Joint Applicants filed the above-captioned applications, which were consolidated (together, the “Application”), seeking Commission approval of Veolia’s acquisition of a majority or all of the outstanding shares of SUEZ in accordance with a Combination Agreement entered into between those entities on May 14, 2021 (the “Proposed Transaction”).

2. On June 15, 2021, the Commission issued Secretarial Letters at the above-captioned dockets instructing the Joint Applicants to serve copies of the Application on each city, borough, town, and county in the service area, as well as all water and wastewater utilities, municipal corporations or authorities with service areas abutting the service areas of the SUEZ Pennsylvania Utilities, and the Pennsylvania Department of Environmental Protection (“DEP”). Additionally, the Commission instructed the Joint Applicants to file proof of such service with the Commission by July 12, 2021. The Commission also established a protest and intervention deadline for this proceeding of July 12, 2021.

3. On June 26, 2021, notice of the Application was published in the Pennsylvania Bulletin. 51 Pa. B. 3580.

4. Consistent with the Commission’s Secretarial Letters, the Joint Applicants served the Application on all impacted municipalities, relevant water and wastewater utilities, and DEP. In addition, on July 12, 2021, the Joint Applicants filed with the Commission their proofs of publication from the Harrisburg Patriot-News, the Delaware County Daily Times, and the Press Enterprise.

5. On July 12, 2021, the OSBA filed a Notice of Intervention, CAUSE-PA filed a Petition to Intervene, and the OCA filed a limited Protest at the above-captioned consolidated docket. No other interventions or notices of appearance were filed in this proceeding.

6. On August 18, 2021, the Commission’s Bureau of Technical Utility Services (“TUS”) served Set I of its data requests on the Joint Applicants. The Joint Applicants filed and served responses to Set I of TUS’s data requests on August 26, 2021.¹

7. On September 14, 2021, TUS served Set II of its requests on the Joint Applicants. The Joint Applicants filed and served responses to Set II of TUS’s data requests on September 24, 2021.

8. The Joint Applicants also responded to informal discovery issued by the OCA, and CAUSE-PA. In addition, Commissioner Ralph V. Yanora issued directed questions on July 13, 2021, to which the Joint Applicants responded through the Supplemental Direct Testimony of John D. Hollenbach (Joint Applicants Statement No. 2-S). The OCA propounded discovery requests on August 19, 2021, to which the Joint Applicants responded. CAUSE-PA issued discovery requests on August 21, 2021, to which the Joint Applicants responded.

¹ On August 30, 2021, the Joint Applicants filed and served a corrected version of the responses to Set I in order to correct clerical errors.

9. The Joint Petitioners engaged in lengthy settlement discussions with the other parties to this proceeding. As a result of these settlement discussions, the Joint Petitioners entered into a stipulation addressing and resolving the issues raised by OCA, OSBA, and CAUSE-PA (“Stipulation”). The Stipulation was filed with the Commission on October 13, 2021. *See* Appendix A.

10. Following the filing of the Stipulation, the Commission assigned the Application to the Office of Administrative Law Judge. Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Charece Z. Collins (the “ALJs”) were assigned to preside over the proceeding. Following informal correspondence between the ALJs and the parties, the ALJs informed the parties that a Prehearing Conference would be scheduled for October 28, 2021. A formal Notice of Prehearing Conference was issued on October 21, 2021.

11. Also on October 21, 2021, the ALJs asked the Parties via email whether the Stipulation can be presented as a Joint Petition for Approval of Settlement with Statements in Support, Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs. Consistent with the ALJs’ request, the Joint Petitioners filed the Joint Petition for Approval of Settlement on October 27, 2021. For the reasons set forth in the Joint Petition and further discussed below, the Joint Applicants request that the Commission approve the Settlement without modification.

STATEMENT IN SUPPORT

12. The Commission has a strong policy favoring settlements. 52 Pa. Code § 5.231(a). Consistent with the Commission’s policy, the Joint Petitioners engaged in negotiations to resolve the issues raised by various parties. These ongoing discussions produced the Settlement.

13. The Joint Applicants must demonstrate that Veolia is technically, financially, and legally fit to own and operate the SUEZ Pennsylvania Utilities. *Seaboard Tank Lines, Inc. 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 240, 243 (Pa. Super. 1958).

14. Veolia has extensive international expertise owning and operating water, wastewater, and other resource management operations. Across the globe, Veolia and its subsidiaries operate 3,362 drinking water production plants and 2,737 wastewater treatment plants. These operations provide water and wastewater services to approximately 95 million people and 62 million people, respectively. *See* Joint Applicants Statement No. 1 at 4. As of March 2021, Veolia had over 178,000 employees in 55 countries, with roughly 4% of its global workforce located in North America. *See id.*

15. Veolia and its subsidiaries have owned and operated regulated steam utilities in the United States. They have extensive experience as a Pennsylvania PUC-regulated utility from 2008 through 2019. *See* Joint Applicants Statement No. 1 at 8. During this period, Veolia subsidiaries owned steam utilities in Kansas City, Missouri and Philadelphia, Pennsylvania. *Id.* These utilities were transferred to AIP Project Franklin Bidco, Inc. in 2019. With respect to the Pennsylvania steam utility, this transaction was approved by the Commission in its December 19, 2019 Order at Docket No. A-2019-3012241. *See* Joint Applicants Statement No. 1 at 9.

16. Veolia and its subsidiaries also operate large water and wastewater systems across the United States. For example, Veolia's subsidiaries operate the Tampa Bay Water facility, which provides water services to a population of more than two million people, and the San Diego Border Wastewater Project, which provides wastewater services to a population of more than one million people. Veolia has broad experience providing all aspects of public utility service, including

maintaining and improving the operation and maintenance of a system, and all meter reading, billing, collection, and customer service functions. *See* Joint Petition, Appendix B, Findings of Fact No. 2.

17. In 2010, Veolia was selected by the City of Buffalo, New York to manage, operate, and maintain the city-wide water system that serves 280,000 people. *See* Joint Applicants Statement No. 1 at 8. Under this contract, Veolia has maintained the system's more than 900 miles of pipes, two intake stations, two pump stations, and filtration plant, producing more than 70 million gallons of clean drinking water every day. *Id.* In addition to maintaining Buffalo's nearly century-old water system, Veolia has introduced several new and innovative programs and performance metrics to improve customer service and reliability. Veolia automated the monitoring of the distribution network and treatment plant, improved customer service and Call Center operations, implemented new asset management and maintenance programs, and developed a Process Control Management Plan to schedule and track preventative maintenance. *Id.* These improvements, along with an excellent operations and maintenance record, helped Veolia gain recognition as a recipient of the American Water Works Association's Diamond Pin Award. *Id.*

18. Veolia is committed to ensuring infrastructure reliability and resiliency to respond to system degradation, ecological challenges, and the increasing risks of climate change. Veolia's response to Hurricane Katrina provides an illustrative example of this commitment. Over the course of four months, Veolia dispatched thirty of its experts to New Orleans to collaborate with stakeholders and study 200 drinking water, wastewater, and storm drainage facilities to evaluate their vulnerability and recommend resistance measures. *See* Joint Applicants Statement No. 1 at 22. This same ability to call upon Veolia's expertise will be available to SUEZ Pennsylvania Utilities and will promote continued safe and reliable service to customers. *Id.*

19. Veolia is financially sound and creditworthy to support the capital needs of its subsidiaries, including the SUEZ Pennsylvania Utilities. Veolia maintains a stable credit outlook of Baa1/Prime-2 from Moody's and BBB/A-2 from Standard and Poor's. *See* Joint Applicants Statement No. 1 at 5. It has ready access to the financial markets and will be able to support the SUEZ Pennsylvania Utilities' capital and other financial needs. *Id.* The strength of Veolia's balance sheet and credit ratings will allow the SUEZ Pennsylvania Utilities to continue to access capital at reasonable rates. *Id.*

20. Veolia's shares are publicly traded on Euronext Paris under the symbol VIE. *See* Joint Applicants Statement No. 1 at 4. Veolia has worldwide annual revenues of over €26 billion (\$31.2 billion). Post-closing, the combined revenues will be approximately €37 billion (\$44.4 billion). *See id.* at 22. Veolia has the financial wherewithal to support the SUEZ Pennsylvania Utilities' continued provision of safe and reliable service to customers. *Id.* at 22-23

21. Veolia is legally fit to become an indirect, majority owner of the SUEZ Pennsylvania Utilities and has extensive internal and external legal support for the Proposed Transaction and its ongoing international operations to ensure continued compliance with all applicable laws

22. In addition to demonstrating that Veolia is technically, financially, and legally fit to own and operate the SUEZ Pennsylvania Utilities, the Joint Applicants must demonstrate that the Proposed Transaction and Veolia's ownership/operation of the SUEZ Pennsylvania Utilities 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). An acquisition provides an affirmative benefit if the benefits of the transaction outweigh the adverse impacts of the transaction. *Application of CMV Sewage Co., Inc.*, 2008 Pa.

PUC LEXIS 950. When looking at the benefits and detriments of a transaction, the focus of the analysis must be on all affected parties, not merely a particular group or a particular geographic area. *Middletown Township v. Pa. Pub. Util. Comm'n*, 85 Pa. Cmwlth. 191, 482 A.2d 674 (1984).

23. The Joint Applicants submit that the Proposed Transaction, as modified by the Settlement, would provide an affirmative public benefit of a substantial nature.

24. **Combined Expertise.** Veolia and SUEZ have each been global leaders in water resource management for over 150 years. Veolia and SUEZ have developed similar services and technologies, particularly in water treatment and distribution. By combining the expertise and commercial offerings of both companies in water treatment and water storage, Veolia will be positioned to accelerate the development of future technological solutions, evaluate possible synergies within the higher levels of its portfolio, and create value for customers and the Commonwealth of Pennsylvania. *See* Joint Applicants Statement No. 1 at 20. Further, Veolia will be able to leverage the combined experience and intellectual capability of the two companies to meet future challenges, including increasing demand for clean water, climate change, and, as demonstrated by the past year, the threats posed by COVID-19 and future potential widespread health crises.

25. **Customer Service.** Veolia developed a state-of-the-art integrated management center that provides decision-making support for the continued provision of water supply, consumer safety, crisis prevention, and crisis management for the benefit of its customers. *See* Joint Applicants Statement No. 1 at 20. Veolia offers multichannel systems for customers globally and in the United States to communicate with it, including service centers, local and mobile branches, web portals, mobile applications for smartphones, and payment and social support platforms. *Id.* Veolia will assess the potential for using similar multichannel systems to

communicate with SUEZ Pennsylvania Utilities' customers and improve customer service. *Id.* at 20-21.

26. An example of such systems is Veolia's Hubgrade Smart Digital Solutions, which combine real-time data, advanced analytics, and human expertise to create new opportunities to manage and optimize water systems. *See* Joint Applicants Statement No. 1 at 21. The system relies on cloud-based computing and the Internet of Things to capture and utilize granular data. *Id.* To date, the system has improved the following processes: invoice processing, budgeting and financial reporting, optimizing operations and maintenance for facilities, managing sustainability projects and programs, managing regulatory and environmental compliance, enhancing security and safety on site, and facilitating business continuity by, among other things, preventing or minimizing equipment failures. *Id.*

27. The Settlement provides that, within 180 days of Closing, the SUEZ Pennsylvania Utilities will review with the Low Income Advisory Committee ("LIAC") the policies regarding language access, protections for victims of domestic violence and medically vulnerable households. The SUEZ Pennsylvania Utilities also will solicit input from that Committee on methods to improve interactions with these vulnerable customers. Stipulation ¶ 4.

28. **Water Quality.** Post-Closing, the Joint Applicants will adequately fund and maintain the SUEZ Pennsylvania Utilities' treatment, transmission and distribution and collection systems and supply the service needs of SUEZ Pennsylvania Utilities' customers in accordance with the Code and Commission regulations, orders and policy statements including, but not limited to, all water quality, pressure and quality of service standards. The Joint Applicants also will continue to implement the SUEZ Pennsylvania Utilities' existing capital plans through 2024. Similarly, the Joint Applicants intend to adopt SWPA's Long-Term Infrastructure Improvement

Plan that is in place through 2026. In addition, Veolia will evaluate the potential of its Actiflo and other technologies to reduce the costs of water treatment. Stipulation ¶ 7.

29. **Financial Stability.** The Joint Applicants do not currently anticipate that the Proposed Transaction will impact the future earnings of the SUEZ Pennsylvania Utilities. Veolia is committed to ensuring that the SUEZ Pennsylvania Utilities will have access to sufficient capital for the repair, maintenance, improvement, and extension of their systems to ensure the continued provision of safe and reliable service for current and future customers. In addition, the Stipulation provides that all currently existing ring-fencing measures will remain in place for at least two years after Closing. Stipulation ¶ 10.

30. **Local Economy and Community Involvement.** The SUEZ Pennsylvania Utilities will continue their community presence by maintaining their administrative office in the service territory. Stipulation ¶ 1c. In addition to preserving the approximately \$66,000 contributed by SUEZ Pennsylvania Utilities over the prior three-year period, Veolia's shareholders will contribute an additional \$50,000 per year in support of community, charitable, or conservation and sustainability organizations impacting the SUEZ Pennsylvania Utilities' service territories. These contributions will not be recovered in the rates of SUEZ Pennsylvania Utilities' customers. Stipulation ¶ 8.

31. **Operational Stability.** The scope of public utility services offered by the SUEZ Pennsylvania Utilities will remain the same post-Closing. The SUEZ Pennsylvania Utilities will continue providing water and sewer services to the same customers in the same locations. Operational stability of the SUEZ Pennsylvania Utilities will not be disturbed, in part, because the Joint Applicants will preserve the compensation and benefits for employees of the SUEZ Pennsylvania Utilities for at least three years following consummation of the Proposed

Transaction. The collective bargaining agreements with the unionized work force that are currently in effect will be honored by the Joint Applicants through the remaining terms and beyond, until new agreements are negotiated. Stipulation ¶ 1.

32. **Rate Stability.** The SUEZ Pennsylvania Utilities will not file a general base rate increase for at least one year after the Proposed Transaction is consummated or before January 1, 2023, whichever is later. The Joint Applications will not seek recovery of any Transaction or transition costs directly associated with the Proposed Transaction, nor will they seek recovery from the customers of the SUEZ Pennsylvania Utilities if the Proposed Transaction is not consummated. No goodwill will be recorded on the books of the SUEZ Pennsylvania Utilities as a result of the Proposed Transaction. The Joint Applicants will also ensure that there will be no impact from the Proposed Transaction on the SUEZ Pennsylvania Utilities' books of account. Stipulation ¶ 2.

33. **Low Income Programming.** Post-Closing, the SUEZ Pennsylvania Utilities will establish the LIAC in order to consider changes to the SUEZ Pennsylvania Utilities low-income programs. Post-Closing, Veolia will expand the shareholder-funded relief provided to low-income customers. \$50,000 will be contributed collectively to the SUEZ Pennsylvania Utilities' CARES grant program annually until approval of SWPA's next base rate case. Thereafter, a minimum \$20,000 annual contribution will be made to support the SUEZ Pennsylvania Utilities' CARES program. The SUEZ Pennsylvania Utilities will promote the CARES programs, and other low income programs, through public advertising and community outreach in the SUEZ Pennsylvania Utilities' service territories. Stipulation ¶ 3.

34. **COVID-19 Assistance.** Veolia recognizes the significant financial toll experienced by many customers as a result of the COVID-19 pandemic. Some customers continue to experience high arrearages as a result of the pandemic and remain at greater risk of service

termination. The Stipulation provides that Veolia's shareholders will contribute an amount equal to 30% of residential and commercial arrears that are more than 60 days overdue, which will be passed along to customers through bill credits. All residential and commercial customers and applicants with an arrears of 60-days old will be offered a 24-month payment plan with no upfront payment for reconnection. Stipulation ¶ 5.

35. The Joint Petition reflects compromises on all sides, without prejudice to any position Joint Petitioners may have advanced at the above-captioned dockets.

36. The Joint Petition contains provisions that are frequently included in settlements submitted to the Commission, conditioning the Settlement on the Commission's approval of the Settlement without modification. In the event the Commission modifies or disapproves the Joint Petition, the Joint Applicants reserve the right to withdraw from the Settlement and resume their litigation positions.

37. As set forth above, the Joint Applicants submit that the Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Settlement was achieved after numerous negotiations. Although the Joint Applicants have invested time and resources in negotiating the Joint Petition, this process has allowed the Joint Petitioners, as well as the Commission, to avoid expending the more substantial resources that would have been required to fully litigate this proceeding, while still reaching a just, reasonable, and non-discriminatory result. The Joint Applicants submit that the Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further litigation in this proceeding.

CONCLUSION

WHEREFORE, Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc., and SUEZ Water Bethel Inc. respectfully request that the Pennsylvania Public Utility Commission approve the Proposed Transaction, as modified by the Joint Petition for Settlement.

Respectfully submitted,



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Dated: October 27, 2021

APPENDIX F
OCA STATEMENT IN SUPPORT

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Application of Veolia Environnement	:	
S.A., Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania, Inc. and SUEZ	:	
Water Bethel, Inc. for All Approvals under	:	
Sections 1102(a)(3), (4) and 1103 of the	:	Docket Nos. A-2021-3026515
Pennsylvania Public Utility Code (66 Pa. C.S.	:	A-2021-3026522
§§ 1102(a)(3), (4) and 1103) (relating to	:	A-2021-3026523
enumeration of acts requiring certificate; and	:	
procedure to obtain certificates of public	:	
convenience), and as otherwise required under	:	
the Code for the change in control SUEZ Water	:	
Pennsylvania, Inc. and SUEZ Water Bethel, Inc.	:	

OFFICE OF CONSUMER ADVOCATE
STATEMENT IN SUPPORT OF SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatories to the Joint Petition for Approval of Settlement (Settlement) in the above-referenced matter, recommends that the Public Utility Commission (Commission) adopt the Settlement for the following reasons.

I. INTRODUCTION

On or about June 11, 2021, Veolia Environnement S.A., Veolia North America, Inc. (together, Veolia), SUEZ S.A., SUEZ Water Pennsylvania, Inc. and SUEZ Water Bethel, Inc. (together, SUEZ) (collectively, the Applicants) filed Applications related to a change in control, under Sections 1102 and 1103 of the Public Utility Code, 66 Pa. C.S. §§ 1102, 1103. Specifically, the Applicants seek the Commission's approval of Veolia's acquisition of a majority or all of the outstanding shares of SUEZ in accordance with a Combination Agreement entered into between those entities on May 14, 2021. Applications at 2. As a result of this

acquisition, Veolia would acquire a majority or all of SUEZ's equity interests in SUEZ Water Resources LLC (SWR), a Delaware limited liability company and parent company for all regulated entities in the United States, and its subsidiaries, including the SUEZ Pennsylvania Utilities. Id.

The OCA filed a Protest and Public Statement in this matter on July 12, 2021, explaining that it had begun obtaining information necessary for its review of the filing and would continue to work with the Applicants informally. The OCA identified that it was possible that the OCA's issues would be resolved through the Applicants' provision of additional information. Thus, the OCA filed its Protest, in part, to allow time to explore the issues raised by the proposed change in control and collect the facts necessary to complete the record before the Commission.

Following extensive informal discovery and discussion with the Applicants and the Intervenors, Office of Small Business Advocate (OSBA) and Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), all parties reached a Stipulation that proposes modifications and additions to the Application initially filed by the Applicants. The Stipulation was filed on October 13, 2021. After the Stipulation was filed, the Commission assigned the Application docket to the Office of Administrative Law Judge. The Settlement requests Commission approval of the Joint Application, as modified by the terms of the Stipulation.

For the reasons discussed below, the OCA submits that the Settlement and Stipulation should be adopted and approved.

II. STATEMENT IN SUPPORT

A. Introduction

In its Protest and Public Statement, the OCA stated how it sought to ensure that the proposed transaction would provide substantial affirmative benefits to Pennsylvania consumers as required by law. Specifically, the Application must comply with Sections 1102 and 1103 of the Public Utility Code, Section 69.901 of the Commission's regulations, 52 Pa. Code § 69.901, and other applicable precedent. That is, to obtain a certificate of public convenience in an acquisition or merger proceeding, applicants have the burden of proving by a preponderance of the evidence that a transfer of control is in the public interest. The courts of Pennsylvania have held that applicants seeking approval under these provisions of the Public Utility Code must demonstrate by a preponderance of the evidence that the transaction will affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way. See City of York v. Pa. P.U.C., 449 Pa. 136, 295 A.2d 825 (1972); Middletown Twp. v. Pa. PUC, 482 A.2d 674, 682 (Commw. Ct. 1984). To ensure that applications such as this are in the public interest, the Commission may impose conditions on its granting of the certificate of public convenience. 66 Pa. C.S. §1103(a).

Through review of the Application, discovery and discussions, the OCA and the other parties reached agreement with the Applicants on additions and enhancements to the Application, which are provided in the Stipulation. A number of those provisions are directed to preventing harm to customers of the SUEZ Pennsylvania Utilities resulting from the transfer of control. The OCA submits that other provisions will affirmatively promote the public interest, as discussed below. For these reasons, the OCA supports approval of the Settlement and Stipulation without modification.

B. Operational Stability

The Applicants initially committed that for at least one year after the transaction is consummated, Veolia would make no material changes to the management, employees, employee compensation and benefits, property, plant, equipment, or other contract rights and obligations of the SUEZ Pennsylvania Utilities. Application at 12. Pursuant to the Stipulation, this commitment is extended to three years. Stipulation ¶ 1.a. This additional period of stability will contribute to making the change in control seamless for customers by ensuring a stable workforce and retention of trained employees to ensure the continued provision of safe and adequate water and wastewater service. Also, the SUEZ Pennsylvania Utilities agree to continue their community presence by maintaining their administrative office in the service territory. Stipulation ¶ 1.c. The OCA submits that corporate presence and public access to the utility, as this condition provides, is valuable to both the utility and the public in general.

C. Rate Stability

The Applicants committed in the Application that no costs related to the proposed transaction or transition would be passed down to customers. Application at 13. In the Stipulation, it is clarified that no such costs will be requested for recovery in rates from SUEZ Pennsylvania Utilities' customers. Stipulation at ¶ 2.b. The Applicants proposed that there would be no filing to increase base rates for the SUEZ Pennsylvania Utilities for at least one year post-consummation. Application at 21. The Stipulation extends this moratorium so that there will be no general base rate increase filed before January 1, 2023 or no sooner than 12 months after the transaction is consummated. Stipulation at ¶ 2.a. The Stipulation includes other provisions to protect the SUEZ Pennsylvania Utilities' customers from rate increases related to the transfer of control, including: if the transaction is not consummated the Applicants will not

seek recovery for any termination fees, the Applicants will ensure that closing does not affect ratemaking treatments of Accumulated Deferred Income Taxes (ADIT) and that ADIT liability balances remain intact for the benefit of ratepayers, no goodwill will be recorded on the Pennsylvania books, and goodwill will be permanently excluded from rate base and capital structure in establishing future rates regulated by the Commission. Stipulation at ¶ 2.b-n.

The OCA submits that these benefits will cumulatively serve to benefit customers by contributing to rate stability. The rate case stay-out, in particular, is a specific and enforceable condition ensures that the SUEZ Pennsylvania customers will obtain a financial benefit from the proposed transaction through the delay in recovery of costs that could otherwise be included in base rates.

D. Low-Income Programming

Currently, the SUEZ Pennsylvania Utilities have a payment assistance program for water customers, which provides a one-time annual grant. Stipulation at ¶ 3. In its Application, Veolia committed to provide shareholder-funded relief targeted to low-income customers and others most impacted by the COVID-19 pandemic through a one-time contribution to reduce arrearages. Application at 21. Pursuant to the Stipulation, Veolia specifically commits to create a low-income advisory committee to assist the SUEZ Pennsylvania Utilities evaluate potential improvements to the existing low-income programs, including rate discount and arrearage management components and expansion of CARES enrollment. Stipulation at ¶ 3.a.i-iii. The Applicants will propose changes to the SUEZ Pennsylvania Utilities' low-income programs in their next base rate cases. Stipulation at ¶ 3.a.iv. Further, as a provision of the Stipulation, Veolia commits to providing a shareholder contribution of \$300,000 to support the low-income program changes presented in this future base rate case and also \$50,000 annually from the time

the transaction closes until approval of the next base rate case. Stipulation at ¶ 3.a.iv, b. After that base rate case, Veolia commits to provide a minimum \$20,000 annual shareholder contribution to support the SUEZ Pennsylvania Utilities' CARES program, though a higher annual contribution level may be established as part of any future proceeding.

Another benefit of the Stipulation is the commitment that CARES will be expanded to include wastewater customers. Stipulation at ¶ 3.b. Specifically with regard to the CARES grant program, the Stipulation provides that maximum annual grant assistance available to a residential water consumer through CARES will increase from \$150 to \$300 per year and from \$0 to \$150 per year for wastewater within 90 days of closing of the transaction. This grant amount may be subject to review and modification in future Commission proceedings, but in any event shall not be decreased. Stipulation at ¶ 3.b.

Further, as a provision of the Stipulation, Veolia commits to contributing an additional \$50,000 per year, above historic amounts contributed by the SUEZ Pennsylvania Utilities in recent years, in support of organizations impacting the SUEZ Pennsylvania Utilities' service territories. Stipulation ¶ 8.a.

The OCA submits that these cumulative benefits to the communities and customers served by the SUEZ Pennsylvania Utilities provides an affirmative benefit, particularly because, currently, these utilities only have a hardship grant program in place and that program is limited to water customers. The commitments set forth in the Stipulation accelerate expansion and development of broader low-income assistance programs for both water and wastewater customers. The benefits are further enhanced because the committed funding is provided by shareholders rather than ratepayers. Moreover, these are specific and additional commitments that were not part of the original Application.

E. Arrearage Forgiveness

As noted above, in its Application Veolia proposed a one-time contribution to reduce arrearages. Application at 21. Specifically, Veolia proposed that its shareholders would contribute an amount equal to 20% of the total residential customers' arrears that are more than 60 days overdue, measured as of the date of a Commission Order approving the proposed transfer of control. Through the Stipulation, that commitment is increased to 30% of arrears, expanded to include commercial customers, and expanded to include customers who have been terminated within the past 12 months who contact the SUEZ Pennsylvania Utilities to reestablish their accounts. Stipulation ¶ 5.a. In addition, the Stipulation adds a provision that active customers and customers disconnected for 12-months or less, with arrears of 60-days old, will be offered a 24-month payment plan with no upfront payment for reconnection. Stipulation ¶ 5.b. As of June 21, 2021, 30% of the residential and commercial arrears balance at more than 60 days overdue equaled approximately \$300,000. Stipulation ¶ 5.d.

In combination, the OCA submits that these provisions provide a benefit by helping customers to maintain and restore their water and wastewater service. These benefits are an addition and expansion of the benefits initially proposed by the Applicants and, further, are incremental to any state, local, or federally funded utility assistance programming (Stipulation ¶ 5.e).

F. Ring-Fencing

In addition to the provisions discussed in Section II.C. *supra* to promote rate stability, the Stipulation ensures that existing ring-fencing, i.e. barriers that insulate and protect the SUEZ Pennsylvania Utilities' assets, capital structure and credit from changes at the parent company level. The Stipulation provides that all currently existing ring-fencing will remain in place for at

least two years from consummation of the transaction. Stipulation ¶ 6 and Attachment A. The OCA submits that these ring-fencing measures will help to prevent any risk or credit issues experienced by the parent companies from translating into increased cost of capital, and thus, increased rates for the Pennsylvania customers. Accordingly, the OCA submits that the ring-fencing provisions provided in the Stipulation provide a benefit.

G. Access to Records

The Stipulation provides that annual reports and documents related to Veolia will be provided in English. Stipulation ¶ 9.a-b; see also Stipulation ¶ 2.j (related to rating agency reports for SUEZ Water Resources LLC). This helps to ensure the information is accessible for the Commission and interested parties to review and enhances oversight of the SUEZ Pennsylvania Utilities' financial circumstances and rates.

This condition constitutes an affirmative benefit to consumers and the public because of its promotion of this goal.

III. CONCLUSION

The OCA believes that, taken as a whole, the commitments contained in the Application, as modified by the Stipulation, provide substantial affirmative public benefits in accord with Pennsylvania Law and applicable precedent. For the foregoing reasons, the OCA respectfully requests that the Commission adopt the Stipulation, find the Joint Petition for Settlement to be in the public interest, and approve the Settlement without modification.

Respectfully submitted,



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Dated: October 27, 2021

APPENDIX G
OSBA STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Veolia Environnement S.A.,	:	
Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc. for all approvals	:	
pursuant to Sections 1102(a)(3), (4), and 1103	:	Docket Nos. A-2021-3026515
of the Pennsylvania Public Utility Code, and	:	A-2021-3026522
as otherwise required under the Pennsylvania	:	A-2021-3026523
Public Utility Code for the change in control of	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc.	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

I. Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention in the above-captioned proceeding, which was initiated by Veolia Environnement S.A. (“Veolia”), a French société anonyme, Veolia North America, Inc., a Delaware corporation and wholly-owned subsidiary of Veolia (“Veolia North America”), SUEZ S.A., a French société anonyme (“SUEZ”), SUEZ Water Pennsylvania Inc. (“SWPA”), a Pennsylvania corporation, and SUEZ Water Bethel Inc. (“SWB”), a Pennsylvania corporation (together, the “SUEZ Pennsylvania Utilities”) (collectively, “Joint Applicants”), on June 11, 2021.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement (“*Joint Petition*”). The OSBA submits this statement in support of the *Joint Petition*.

II. Statement in Support of the *Joint Petition*

The *Joint Petition* sets forth a comprehensive list of issues that were resolved through the negotiation process. While no evidentiary hearings were held in this proceeding, discovery took place, which the OSBA reviewed thoroughly in the course of these proceedings. The OSBA additionally reviewed the Joint Applicants’ responses to the data requests issued by the Pennsylvania Public Utility Commission’s Bureau of Technical Utility Services (“TUS”) as well as the Joint Applicants’ responsive testimony to the directed questions of Commissioner Ralph V. Yanora. Furthermore, the parties engaged in extensive settlement negotiations, in which the OSBA was an active participant, which lead to the settlement terms found in the *Joint Petition*.

The following issues, resolved through the negotiation process and included as settlement terms in the *Joint Petition*, were of particular significance to the OSBA:

A. Rate Stability

The Suez Pennsylvania Utilities agreed, as a settlement term, to not file a general base rate increase pursuant to 66 Pa. C.S. § 1308(d) before January 1, 2023, or no sooner than 12 months after the Transaction is consummated, whichever is later. *Joint Petition*, Appendix A (Stipulation) at ¶ 2. This provision provides an affirmative public benefit to all ratepayers, and assures small business customers that the Suez Pennsylvania Utilities will not seek to increase rates for a significant period of time. Such assurance that water rates will not increase for a set

period of time provides certainty and predictability, which in turn allows small businesses to better budget and forecast their own financial needs during the stay-out period.

B. Arrearage/COVID-19 Relief

As a settlement term, Veolia will provide financial support to reduce arrearages caused by the COVID-19 pandemic by having its shareholders contribute an amount equal to 30% of residential and commercial arrears that are more than 60 days overdue, which will be passed along to customers in the form of bill credits. *Joint Petition*, Appendix A (Stipulation) at ¶ 5. Additionally, commercial customers and applicants with arrears at least 60 days old will be offered a 24-month repayment plan with no upfront payment for reconnection. *Joint Petition*, Appendix A (Stipulation) at ¶ 5. At a time when commercial customers are still experiencing the economic effects of the ongoing COVID-19 pandemic, the OSBA believes that these terms provide significant benefits that will assist small business customers of the Joint Applicants.

III. Conclusion

Settlement of this proceeding avoids the litigation of complex issues and saves the possibly significant costs of further administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Joint Applicants' customers as well. Avoiding further litigation of this matter will serve judicial efficiency, and will allow the OSBA to more efficiently employ its resources in other areas.

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJs and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

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Dated: October 27, 2021

APPENDIX H
CAUSE-PA STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Veolia Environment S.A.,	:	
Veolia North America, Inc., SUEZ S.A.,	:	
SUEZ Water Pennsylvania Inc.	:	Docket No. A-2021-3026515
and SUEZ Water Bethel Inc. for all approvals	:	A-2021-3026522
pursuant to Sections 1102(a)(3), (4), and 1103	:	A-2021-3026523
of the Pennsylvania Public Utility Code, and	:	
as otherwise required under the Pennsylvania	:	
Public Utility Code for the change in control of	:	
SUEZ Water Pennsylvania Inc.	:	
and SUEZ Water Bethel Inc.	:	

THE COALITION FOR AFFORDABLE UTILITY SERVICE AND ENERGY EFFICIENCY
IN PENNSYLVANIA (*CAUSE-PA*)

STATEMENT IN SUPPORT OF SETTLEMENT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Settlement (“Joint Petition” or “Settlement”), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Administrative Law Judges Joel Cheskis and Charece Collins, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest and should be approved without modification.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that the proposed transaction between Veolia Environment S.A., Veolia North America, Inc., (Collectively Veolia) and SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. (Collectively SUEZ) would provide actual and meaningful affirmative benefits to low-income ratepayers that will result from the acquisition. (CAUSE-PA Pet. to Intervene at ¶ 5). CAUSE-PA also expressed concern about the effect of the transaction on the quality of service for SUEZ customers, the impact on residential rates and the affordability of service to low-income households, and the effect of the acquisition on the SUEZ's existing low-income programs. (*Id.*). In relevant part, the Settlement addresses these concerns by providing rate stability, protecting SUEZ's low-income programs and community presence, providing additional resources for low-income customers and laying the groundwork for systematic improvements to SUEZ's universal service programs. (See Joint Petition for Settlement, Appendix A (Stipulation)).

This Settlement was achieved through meaningful negotiations and represents a reasonable compromise by the parties on their respective positions. Although not all CAUSE-PA's recommendations and positions were fully adopted, the Settlement was arrived at through good faith negotiation by the parties and was informed by information and data exchanged through discovery. The Settlement is in the public interest in that it (1) addresses the ability of SUEZ's low-income customers to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves several important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals – preserving resources of the parties and the Commission.

II. TERMS AND CONDITIONS OF SETTLEMENT

a. Operational Stability

In its Petition to Intervene, CAUSE-PA expressed concern about the potential effect of the transaction on the quality of service provided to SUEZ customers and the terms and conditions of service. (CAUSE-PA Pet. to Intervene at ¶5). In this Settlement, the Joint Applicants agree that, for three years following consummation of the Transaction, the Joint Applicants will: (i) not permit a net reduction due to involuntary attrition related to the Transaction in the employment levels at SWPA or SWB; and (ii) provide current employees of SUEZ with compensation and benefits that are at least as favorable in the aggregate as the compensation and benefits currently in place for those employees. In the event changes in management occur, key positions (V.P., Director/Manager of Operations, Finance, Customer Service, Water Quality, EH&S, and Public Relations) will be filled with qualified applicants consistent with the current job descriptions and duties for those positions. (Stipulation at ¶ 2). Joint Applicants also agree that the collective bargaining agreements with the unionized work force that are currently in effect will be honored in full by the Joint Applicants through the remaining terms and beyond the expiration dates until new agreements are negotiated. (Id.) Additionally, SUEZ agrees to continue their community presence by maintaining their administrative office in the service territory. (Joint Pet. at Id.).

Collectively, these terms help ensure that the proposed transaction will not detrimentally impact the local community by ensuring that the jobs SUEZ currently provides in the local community will not be taken away as a result of this transaction. Thus, these provisions are in the public interest and should be approved.

b. Rate Stability

In its Petition to Intervene, CAUSE-PA expressed its concern about the impact the acquisition will have on residential rates for SUEZ customers, particularly for low-income customers. (CAUSE-PA Pet. to Intervene at ¶ 5). This Settlement contains several provisions designed to ensure that the proposed transaction does not detrimentally impact the rates charged to consumers. Specifically, SUEZ agrees not to file a rate case before January 1, 2023, or no sooner than 12 months after the Transaction is consummated, whichever is later; the Joint Applicants will not seek recovery of any Transaction or transition costs directly associated with the Transaction. (Stipulation at ¶ 2). These provisions are in the public interest and should be approved because they will help ensure that the costs of the transaction are not passed on to consumers, which would detrimentally impact the ability of moderate- and low- income consumers to afford service.

c. Low Income Programming

In its Petition to Intervene, CAUSE-PA expressed concern about whether approval of the transaction would deliver actual and meaningful affirmative benefits to low-income ratepayers and what impact the acquisition would have on SUEZ's low-income programs. (CAUSE-PA Pet. to Intervene at ¶ 5). CAUSE-PA asserted that prior to approval of the Application, the Commission must examine SUEZ's low-income programs to ensure that these programs are adequately funded and improved to meet the needs of low income, payment troubled SUEZ customers. (Id. at ¶ 6).

Under the terms of this Settlement, the Joint Applicants agree that SUEZ will establish a Low Income Advisory Committee within ninety days of approval of the transaction and will use input from the Committee to evaluate potential improvements to SUEZ's low income

programs. (Stipulation at ¶ 3). Further, the Joint Applicants have agreed to use input from the LIAC to propose changes to the SUEZ Pennsylvania Utilities' low-income programs in their next base rate cases. (Id.) At a minimum, SUEZ's proposal in the next rate case must include a bill discount component, an arrearage management component, service line repair and Conservation component, and a hardship grant component. (Id.). Veolia commits to providing a shareholder contribution of \$300,000 to support the low-income program changes presented in this future base rate case, with unspent funds rolled over and added to the budget for the following year. (Id.)

The Joint Applicants also agree to contribute a total of \$50,000 annually to the SUEZ CARES grant program until approval of the next SUEZ base rate case (Id.). Thereafter, a minimum \$20,000 annual contribution will be made to support the SUEZ CARES grant program. (Id.) The CARES grant program will also be expanded to include wastewater customers, and maximum annual grant assistance available to a residential consumer through the CARES grant program shall be increased to \$300 per year for water and \$150 per year for wastewater within 90 days of closing the transaction. (Id.)

The Joint Applicants also agree that SUEZ will promote the CARES grant programs and other low-income programs through public advertising and community outreach within the SUEZ service territories, and that no program rules related to the CARES grant program will be diminished. (Id.) The Joint Applicants will work with the state agencies, the parties to this proceeding, and other interested stakeholder to fully implement and participate in other low-income programs which are currently being developed (Id.) SUEZ will also make best efforts to improve data collection about its low-income customer population, including tracking

“confirmed low-income customers,” the number of grants awarded, the average grant amounts , and the number of customers enrolled in each approved program. (Id.)

Collectively, these terms address CAUSE-PA’s concerns by providing additional resources for low-income customers, protecting SUEZ’s existing low income programs, and laying the groundwork for systematic improvements to SUEZ’s low income programs. Through enhanced data collection, the Settlement terms will also help SUEZ better understand its low- and moderate-income consumers and the vulnerable populations that reside within its service territory. Low-income consumers face unique affordability challenges, which have been greatly exacerbated as a result of the COVID-19 pandemic. It is critical that low-income programs are designed, funded, and implemented in a manner that will ensure every family can access safe water and wastewater services to their home.

Through these terms, approval of the transaction will deliver actual and meaningful affirmative benefits to low-income ratepayers, which will in turn provide a host of benefits to the communities in which they live and work. Indeed, ensuring access to safe and affordable water and wastewater service is not just important for individual families, it is critical to the health and safety of our greater community and in service of the public interest. Thus, these provisions are just, reasonable, in furtherance of the public interest, and should be approved.

d. Customer Service Policies

In its Petition to Intervene, CAUSE-PA also expressed concern about the potential effect of the transaction on the quality of service for SUEZ customers and the potential impact of the on SUEZ’s rates and terms/conditions of service. (CAUSE-PA Pet. to Intervene at ¶ 5). In addition to the terms discussed above regarding Operational Stability, the Settlement provides that, within 180 days of the consummation of the Transaction, SUEZ will review with the LIAC

their policies regarding language access, protections for victims of domestic violence and medically vulnerable households, as well as their policies for complying with the Discontinuance of Service to Leased Premises Act, and will solicit from the LIAC methods to improve their interactions with these vulnerable consumers. This provision of the Settlement will help ensure that SUEZ's most vulnerable customers are able to avail themselves of statutory and regulatory consumer protections and are not detrimentally impacted as a result of changes in management and operations ushered in by the proposed transaction. Thus, this provision of the Settlement is in the public interest and should be approved.

e. Arrearage/COVID-19 Relief

In the Joint Application, the Joint Applicants acknowledge significant financial toll that the COVID-19 pandemic has taken on many SUEZ customers, some of whom continue to experience high arrearages as a result of the pandemic and remain at greater risk of service termination. (Joint App. at ¶ 47). Under the terms of this Settlement, Veolia shareholders will contribute an amount equal to 30% of residential and commercial arrears that are more than 60 days overdue – amounting to approximately \$300,000 – which will be passed along to customers through bill credits. (Stipulation at ¶ 5). Additionally, all residential and commercial customers and applicants with an arrears of 60-days old will be offered a 24-month payment plan with no upfront payment for reconnection. (Id.)

These provisions of the Settlement will help ensure that customers who have been impacted by the COVID-19 pandemic will receive a benefit as a result of this transaction and will help struggling customers to avoid termination or regain service. Thus, these terms provide a clear and affirmative public benefit, are squarely in the public interest, and should be approved.

f. Community Benefits

Under the terms of this Settlement, Veolia agrees to continue to provide financial and educational support to its local communities through the SUEZ Pennsylvania Utilities and further improve upon the level of presence and engagement in Pennsylvania that now exists. (Stipulation at ¶ 8). Veolia agrees to preserve the approximately \$66,000 contributed by SUEZ Pennsylvania Utilities over the prior three-year period and Veolia's shareholders will contribute an additional \$50,000 per year in support of community, charitable, or conservation and sustainability organizations impacting the SUEZ Pennsylvania Utilities' service territories. (Id.). This provision will help protect the existing community support provided by SUEZ and hopefully provide improvement as a result of the Transaction. Thus, this provision is in the public interest and should be approved.

III. CONCLUSION

CAUSE-PA submits that the Settlement, which the Joint Petitioners were able to negotiate through meaningful, good faith negotiations, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues, preserving the resources of the parties and the Commission. Accordingly, CAUSE-PA respectfully requests that the Honorable Administrative Law Judges Joel Cheskis and Charece Collins and the Commission approve the Settlement without modification.

Respectfully submitted,

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