

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
HARRISBURG, PA 17120**

Public Meeting held September 10, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Application of Veolia Water Pennsylvania,
Inc. for approval of the right to acquire
certain real estate in Upper Allen
Township, Cumberland County,
Pennsylvania

Docket No.
A-2026-3063219

Public Version

ORDER

BY THE COMMISSION:

By the application (Application) filed with the Pennsylvania Public Utility Commission (Commission) on June 12, 2026, Veolia Water Pennsylvania, Inc. (Veolia), Utility Code 210013, seeks a certificate of public convenience (CPC) pursuant to Section 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1102(a)(3), evidencing Commission approval of Veolia's right to acquire certain real estate in Upper Allen Township, Cumberland County, Pennsylvania.¹

I. AFFECTED ENTITIES AND BACKGROUND

Veolia is a regulated public utility company, duly organized and existing under the laws of the Commonwealth with offices located at 6310 Allentown Boulevard,

¹ The Commission notes that Veolia requested expedited consideration of the Application due to reasons related to water supply reliability.

Harrisburg, Pennsylvania 17112. Veolia provides water service to approximately 69,800 customers throughout Pennsylvania, including in Upper Allen Township, Cumberland County. Veolia also provides wastewater service in portions of Columbia and Montour Counties as Veolia Water Pennsylvania, Inc. – Wastewater Division, Utility Code 230077.

The sellers (Sellers) are private individuals that are not engaged in the provision of public utility service.² Veolia and the Sellers entered into an Easement Purchase Agreement (Agreement) for Veolia to purchase from the Sellers two perpetual, exclusive easements and rights of way (together, the Easements, and individually, Easement A and Easement B) situated on portions of two parcels of land, as discussed below in Section II. A copy of the Agreement was included in the Application's Exhibit 1 and was filed with the Commission as confidential information. After closing, Veolia indicated that it intends to use the Easements as part of a site for the construction of an approximately 3,000,000-gallon elevated water storage tank and appurtenances (Elevated Water Storage Tank) that will serve customers in Veolia's Mechanicsburg Water System (Mechanicsburg System).

Veolia submitted proofs of publication and service to the appropriate entities. Notice of the Application was published in the *Pennsylvania Bulletin*, 56 Pa.B. 3841, on June 27, 2026. The protest period ended July 13, 2026. No protests were filed, and no hearings were held.

II. LOCATION AND DESCRIPTION OF PROPERTY

The parcels are situated in the southcentral portion of Upper Allen Township and are both located south of Appalachian Avenue. Easement A consists of a one-acre undeveloped area in the northwest corner of Cumberland County Tax Parcel ID 42-11-0274-005, which abuts Mt Allen Drive on its eastern border and East Lisburn

² In supplemental information filed with the Commission, Veolia noted that the Sellers' names are confidential and proprietary due to a Sellers' condition of the sale.

Road (State Route 114) on its southern border. Easement B consists of a 0.056-acre undeveloped area situated on Cumberland County Tax Parcel ID 42-29-2454-093 that will create a 20-foot-wide corridor that connects Appalachian Avenue to the north and Easement A to the south. The Application's Exhibit 4 included a map that depicted the Easements' boundaries, and the Application's Exhibits 2 and 3 included written descriptions of Easement A's and Easement B's boundaries by metes and bounds, respectively.

III. DESCRIPTION OF PROPOSED FACILITIES

Veolia averred that it will construct the Elevated Water Storage Tank on Easement A after closing. Additionally, Veolia explained that the Elevated Water Storage Tank is required because Veolia's existing 3,000,000-gallon earthen reservoir (Existing Reservoir) for its Mechanicsburg System needs to be replaced, and significant interruptions to service are possible within Upper Allen Township and Mechanicsburg if the Existing Reservoir fails. Veolia also noted that the Pennsylvania Department of Environmental Protection (DEP) wants to phase out earthen reservoirs.

In supplemental information filed with the Commission, Veolia identified that the Elevated Water Storage Tank construction project is expected to consist of a 3,000,000-gallon elevated water storage tank, 330 linear feet of 12-inch-diameter ductile iron water main, one 12-inch-diameter flow meter, two six-inch-diameter fire hydrant services, six 12-inch-diameter gate valves, and one 12-inch-diameter check valve. Veolia also provided a map that depicted the locations and the elevations of the proposed facilities and Veolia's existing mains that will convey water to and from the Elevated Water Storage Tank, labelled as A-11 Ex. 1. This map depicted that the proposed facilities will connect with Veolia's existing eight-inch-diameter asbestos cement water main that extends along Appalachian Avenue.

In the Application, Veolia indicated that it would begin the Elevated Water Storage Tank's design and permitting in the second quarter of 2026. Veolia expects to

finish Elevated Water Storage Tank design and permitting in the third quarter of 2026, with construction beginning in the fourth quarter of 2026 and finishing in the fourth quarter of 2027. However, Veolia noted that construction cannot begin until it receives Commission approval of the Application.

IV. PURCHASE AGREEMENT

Pursuant to the Agreement, Veolia agreed to pay the Sellers the purchase price for the Easements. **[BEGIN CONFIDENTIAL]**

[END CONFIDENTIAL] Through this Order, we will direct Veolia to file with the Commission a copy of the executed documents recorded with the Cumberland County Recorder of Deeds for the real estate acquired by Veolia.³

In the Application, Veolia averred that the Agreement was developed through arm's length negotiations and that the Sellers are not affiliated with Veolia. Veolia also averred that the purchase price was agreed upon because the Easements were the only viable option for Veolia to reach an agreement. In the Application's Exhibit 5 that was filed with the Commission as confidential information, Veolia included a copy of a real estate appraisal (Easements Appraisal) for the Easements. **[BEGIN CONFIDENTIAL]**

³ See, Ordering Paragraph 4.

[END CONFIDENTIAL]

In supplemental information filed with the Commission, Veolia explained that the methodology that the Easements Appraisal used to identify proposed comparable sales identified no reliable easement transactions. Accordingly, the sales relied upon in the Easements Appraisal consist of fee simple land transactions and a property rights adjustment was applied to recognize the differences in property rights being acquired. These sales were chosen because they represented the most reliable market evidence of land value. Additionally, Veolia estimated additional transaction and closing costs of \$331,500 and provided the following tentative journal entries to record this transaction in its accounts as indicated in Table 1 below:

Table 1: Agreement Tentative Journal Entries

Account No.	Account Description	Debit	Credit
303.3	Land and Land Rights <i>Purchase Price – Easements</i>	\$1,000,000	
303.3	Land and Land Rights <i>Estimated Transaction and Closing Costs</i>	\$331,500	
131	Cash <i>Purchase Price - Easements</i>		\$1,000,000
131	Cash <i>Estimated Transaction and Closing Costs</i>		\$331,500

We find that it is in the public interest to provide the Commission and interested parties with a reasonable opportunity to review and consider Veolia's ratemaking claims related to the Easements as part of a proper rate case proceeding. Therefore, through this Order, we will direct Veolia to identify this transaction for individual review in the context of Veolia's next base rate case that proposes to include the value of these assets in rate base to evaluate the reasonableness of original cost, accumulated depreciation, and any valuation claims for the Easements.⁴

V. ADDITIONAL CAPITAL REQUIREMENTS

According to Veolia, its estimate of the probable cost for the Elevated Water Storage Tank is \$15,400,000, including design, permitting, and construction costs. In supplemental information filed with the Commission, Veolia identified that it expects to finance these costs using general corporate funds through its money pool agreement. Also, Veolia clarified that the \$15,400,000 investment for the Elevated Water Storage Tank includes the purchase price for the Easements.

VI. EFFECTS ON RATES AND SERVICE

In the Application, Veolia averred that the proposed transaction would not adversely impact its financial condition or credit rating, and that construction of the Elevated Water Storage Tank is necessary as the Existing Reservoir needs to be replaced and is a risk for service interruptions, as discussed above in Section III. In addition, there is no room on the Existing Reservoir site or any other Veolia-owned land upon which to construct a new storage tank.

In supplemental information filed with the Commission, Veolia noted that Application approval will not have an immediate impact on customer rates and the costs associated with this Application will be included in Veolia's next base rate filing. According to Veolia, after the Elevated Water Storage Tank is placed in service, the

⁴ See, Ordering Paragraph 5.

Existing Reservoir will be decommissioned. Finally, Veolia averred that Application approval would enable Veolia to continue to provide safe, adequate, reliable, and reasonable water service.

VII. PERMITS, EASEMENTS, AND RIGHTS-OF-WAY REQUIRED

In supplemental information filed with the Commission, Veolia indicated that the permits required for the Elevated Water Storage Tank include a building permit, a stormwater construction permit, an erosion and sediment pollution control plan approval, a DEP public water supply construction permit, and possibly a land development plan and zoning (i.e., conditional use) permit with a projected combined cost of \$60,000. According to Veolia, it has not yet applied for any of these permits, and a land development plan and conditional use permit may not be needed.

VIII. LAND-USE PLANNING COMPLIANCE

In supplemental information filed with the Commission, Veolia provided copies of land-use planning compliance verification correspondence from Upper Allen Township (Upper Allen Letter) and the Cumberland County Planning Commission (CCPC). In the Upper Allen Letter, Upper Allen Township indicated that the proposed project is consistent with its comprehensive plan and zoning ordinances, provided that comprehensive plan goals and objectives are considered in the siting and development of any structures, the conditional use process is followed, and other zoning standards are addressed. In its letter, CCPC indicated that it supports improvements to public water infrastructure in the county. However, given the proximity of the Elevated Water Storage Tank to existing housing, CCPC requested that Veolia should consider outreach to residents to explain the project. CCPC also suggested that the Elevated Water Storage Tank should be designed to be as compatible as possible with the surrounding residences.

Based upon the supplemental information provided by Veolia, discussed in Section VII, above, and the Upper Allen Letter, it is unclear whether land development

plan approval and a conditional use permit from Upper Allen Township are required. Considering that land development plan approval and a conditional use permit may be critical to the purpose of the Easements, and that the purchase price for the Easements may become a stranded cost without required approvals and permits, we find that it is reasonable to condition the issuance of a CPC to purchase the Easements upon Veolia providing evidence of compliance with Upper Allen Township's land development requirements. Therefore, through this Order, we will condition the issuance of the CPC requested by Veolia upon Veolia filing with the Commission copies of approval letters from Upper Allen Township for the land development plan and conditional use permit for the construction of the elevated water storage tank and related facilities upon the land subject to the Easements, or a verified letter from Veolia, with proof of service of the letter upon Upper Allen Township, that specifies that the construction of the elevated water storage tank and related facilities upon the land subject to the Easements do not require land development plan approval and a conditional use permit from Upper Allen Township.⁵

IX. OTHER CONSIDERATIONS

Veolia has no outstanding fines or assessments due to the Commission and is current with Commission reporting requirements. Also, DEP advised Commission staff that it did not have any open enforcement actions against Veolia's Mechanicsburg System.

⁵ See, Ordering Paragraph 2.

X. CONCLUSION

Based upon the facts that it is necessary for Veolia to meet the current and future water service needs of customers in its Mechanicsburg System; that the Existing Reservoir needs to be replaced and there is no room on the reservoir site or other Veolia-owned land to construct a new storage tank; that the failure of the Existing Reservoir could lead to a significant interruption of water service for the public; and that Veolia has the technical, financial, and legal fitness to own, operate and maintain its assets, the Commission finds that granting approval of Veolia's Application is necessary or proper for the service, accommodation, convenience or safety of the public and is in the public interest; **THEREFORE,**

IT IS ORDERED:

1. That the Application of Veolia Water Pennsylvania, Inc. at Docket No. A-2026-3063219, is hereby conditionally approved, consistent with this Order.
2. That Veolia Water Pennsylvania, Inc. shall file with the Commission's Secretary's Bureau at Docket No. A-2026-3063219 a copy of approval letters from Upper Allen Township for the land development plan and conditional use permit for the construction of the elevated water storage tank and related facilities upon the land subject to the Easements, or a verified letter from Veolia Water Pennsylvania, Inc., with proof of service of the letter upon Upper Allen Township, that specifies that the construction of the elevated water storage tank and related facilities upon the land subject to the Easements does not require land development plan approval and a conditional use permit from Upper Allen Township.
3. That, upon compliance with Ordering Paragraph 2, a Certificate of Public Convenience shall be issued pursuant to Section 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1102(a)(3), evidencing Commission approval of the right of

Veolia Water Pennsylvania, Inc. to acquire certain real estate in Upper Allen Township, Cumberland County, Pennsylvania, as described in the Application.

4. That within ten (10) days of closing with the Sellers, Veolia Water Pennsylvania, Inc. shall provide written notification to the Secretary's Bureau at Docket No. A-2026-3063219 that shall also include a copy of the executed documents recorded with the Cumberland County Recorder of Deeds for the real estate acquired by Veolia Water Pennsylvania, Inc., as described in the Application and consistent with this Order.

5. That at the time of filing its next base rate case which proposes to include the assets of this acquisition in rate base, Veolia Water Pennsylvania, Inc. shall provide testimony that specifically references Docket No. A-2026-3063219 and that justifies any amount claimed in rate base in order to evaluate the reasonableness of original cost, accumulated depreciation, and related valuation claims for the assets of this acquisition.

6. That if Veolia Water Pennsylvania, Inc. determines that the transaction will not occur, it will promptly file notice of such determination with the Secretary's Bureau at Docket No. A-2026-3063219 and return the Certificate of Public Convenience issued in Ordering Paragraph 3.

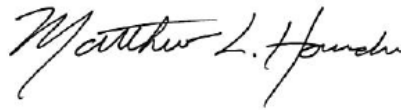
7. That nothing herein shall be construed as an approval or determination of costs or expenses for the purposes of just or reasonable rates or to exempt Veolia Water Pennsylvania, Inc. from obtaining all necessary permits, licenses, and approvals from other federal, state, and local government agencies having jurisdiction.

8. That a copy of this Order be served upon Veolia Water Pennsylvania, Inc., the Sellers, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Upper Allen Township Board of Supervisors, the Upper Allen Township Planning Commission, the Cumberland County Board of Commissioners, the Cumberland County Planning Commission, the Pennsylvania Department of Revenue's Bureau of Corporate Taxes, and the Pennsylvania

Department of Environmental Protection – Southcentral Regional Office and its Bureau of Regulatory Counsel.

9. That upon the filing of a notice of closing as outlined in Ordering Paragraph 4, or upon the return of the Certificate of Public Convenience issued in Ordering Paragraph 3, the proceeding at Docket No. A-2026-3063219 be closed.

BY THE COMMISSION,

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive style with a large, stylized "M" and "H".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: September 10, 2026

ORDER ENTERED: September 10, 2026