



November 15, 2022

**Secretary Rosemary Chiavetta**  
*Pennsylvania Public Utility Commission*  
400 North Street  
Harrisburg, Pennsylvania 17120

Re: Docket Number L-2012-2317273 - Use of Fully Projected Future Test Year, 52 Pa. Code Chapter 53.51-53.56a

Dear Secretary Chiavetta:

Veolia Water Pennsylvania ("VWPA" or "Company") thanks the Pennsylvania Public Service Commission ("PAPUC" or "Commission") for the opportunity to comment on its Notice of Proposed Rulemaking Order (L-2012-2317273) ("NOPR") relating to information to be furnished with the filing of rate changes. Please find below the Company's comments and clarifying questions.

In many cases, the proposed changes to filing requirements ask utilities to provide additional annual periods of information, either historic or projected. While for some specific case elements, this may help to streamline the process, the additional time (and expense) of compiling this supplementary data, and the additional time it may take to review this data by the PAPUC and other stakeholders, seems counterintuitive to the goal of a more efficient process. The Company would suggest removing these additional periods from the base filing requirements, and if needed for certain elements, have them requested through the discovery process.

## **II. Definitions**

### **Parent Company**

As noted on page 2 of Annex B of the NOPR the Commission has defined Parent company as "The beneficial holder of the largest voting interest in a public utility or the company listed at the top of a corporate hierarchy structure with ultimate controlling interest in the public utility. Includes the municipality if the public utility is a municipal utility subject to Commission regulation." The definition could be read ambiguously. If applied to VWPA, its Parent Company is Veolia Utility Resources LLC which is the beneficial holder of 100% of the voting interest in VWPA. However, the company listed at the top of a corporate hierarchy structure with ultimate controlling interest in the public utility is currently Veolia Environnement S.A. By use of the word "or" this appears to indicate that the direct parent company of a public utility may be a holding company and not the ultimate controlling parent. In reviewing the information requested in Annex B where parent company information is requested, VWPA believes the applicable information would be for VWPA's direct parent Veolia Utility Resources LLC. The ultimate parent, Veolia Environnement S.A., is largely comprised of entities that are neither regulated utilities nor utilities in nature. With the above explanation, VWPA would suggest that the following emphasis on "or" be considered to provide additional clarity as follows: "The beneficial holder of the largest voting interest in a public utility OR the company listed at the top of a corporate hierarchy structure with ultimate controlling interest in the public utility."



### **Consolidated group**

As noted on page 2 of Annex B of the NOPR the Commission has defined Consolidated Group as “A public utility and its parent company and affiliated companies”. Closely tied with the above comments regarding the definition of parent company, if “Parent Company” were to be defined as “the company listed at the top of a corporate hierarchy structure with ultimate controlling interest in the public utility” the consolidated group would consist of many, many worldwide affiliated companies. In addition, Section L, paragraph 34 requests information on whether the parent company has filed a consolidated income tax return for the consolidated group which could include different entities.

## **III. General Filing Requirements**

### **A. General 5**

Requires utilities to “Provide the following supplemental information when providing the information required by this regulation and in response to each discovery request relative to the current base rate case proceeding, as applicable.” This seems to indicate that there are instances where the information in parts a, b and c of section 5 would not be applicable. VWPA believes that this should be clarified as it appears the remaining requirements (Sections B through M and the industry specific requirements) potentially require less information. Additionally, based upon the filing of the Company’s last rate case (in 2018) and if the Company were to file a new case in 2023, the requirement would mean providing seven years of data with the filing (HTY and first full year of new rates from the last case, HTY and two years prior from the current case and FTY and FPFTY from the current case).

### **B. Summary of Filing 10**

Proposes that each major addition/removal to/from plant be identified. Further, the documentation shall indicate the effect of the addition/removal on rate base, revenue, expense, tax, income and revenue requirement. The Company believes that “major” be defined and suggests that any specific plant addition or retirement representing more than 5% of the change in plant in service since the last rate case filing be considered as “major”. In addition, the Company would question if the requirement provides significant information in light of this rulemaking process and suggests that such detailed information, if required, be left to discovery.

### **E. Rate of Return 5**

Requests to provide actual and projected capital requirements and sources of capital for the public utility, the parent company, and the consolidated group for the HTY, the FTY, the FPFTY and the two years immediately following the FPFTY. Please see the comments above related to “parent company” and “consolidated group”.

### **E. Rate of Return 30**

Requests “financial projections” for the public utility for three years beyond the end of the Test Year but does not define what “financial projections” are being asked for.

### **K. Depreciation 8**

Provide a table showing the cumulative depreciated original cost by year of installation for public utility plant by asset type in service at the end of the HTY, the FTY and the FPFTY (depreciable plant only) as claimed in the measures of value. Formulate the table as follows:

- a. Column 1: Year installed;



- b. Column 2: Original cost;
- c. Column 3: Accrued depreciation;
- d. Column 4: Depreciated original cost (which is original cost minus accrued depreciation); total this column;
- e. Column 5: Cumulative depreciated original cost, increased year by year; and
- f. Column 6: Cumulative depreciated original cost, year by year, divided by the total of column 4, shown as a percent.

It would appear that in the requirement that the accrued depreciation is being requested by vintage, which is not generally maintained under group depreciation. Only a rough apportionment of accumulated depreciation by retirement group (asset type) could be made, for earlier vintages, as it is probable that numerous changes in depreciation rates would have occurred during the life of the asset. As a result, we believe the intention that the accrued depreciation requested is for the retirement group in total, not by vintage.

#### **IV. Industry-Specific Filing Requirements**

##### **A. Water, Wastewater and Stormwater Public Utilities Only 2**

A list of public fire hydrants by size for each customer for the HTY, FTY and FPFTY is requested. Does the size refer to the size of the lateral or the size of the main?

Respectfully,

Tim Michaelson  
Director – Regulatory Business

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