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OFFICIAL STATEMENT

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The following is the official statement by the BASA Board of Directors, City of Butler, and Butler Township regarding the ALJ recommendation:

"While we are disappointed by the administrative law judge's recommendation, it does not change our resolve to move forward, considering that the overwhelming consensus among stakeholders is that this sale stands to benefit all parties involved, a sentiment that was reflected in the unanimous settlement agreement reached by those same parties during the hearing phase. This is merely a recommendation and just one step in a long process. We remain hopeful that the PUC will prioritize the well-being of our customers, local residents, the regional economy, and the environment by granting approval for the sale of BASA's wastewater assets to Pennsylvania American Water. The process surrounding this proposed acquisition has been characterized by transparency, public engagement, and a spirit of cooperation and trust from its inception."

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Statements of Fact Related to ALJ's Recommendation:

1. All parties recognized the potential for this scenario from the outset, considering that there have been recent instances where an administrative law judge (ALJ) has recommended a denial that the PUC ultimately approved. This is just one more step in a long and very public process.
2. An administrative law judge's recommendation is exactly that --- a recommendation. It is not binding on the PUC. We remain confident that the PUC will see the value in this proposal, and carefully weigh the environmental and public benefits, as exemplified in the asset purchase agreement.
3. What makes the BASA proposal so unique is that it is supported by local residents and ratepayers alike, as well as statutorily mandated parties to the process, including the Office of Consumer Advocate and Office of Small Business Advocate, which not only serve to protect the interests of local communities but residents statewide. Both the Office of Consumer Advocate and Office of Small Business Advocate are part of the unanimous settlement agreement related to BASA.

4. One of the central arguments presented by the ALJ against the sale revolves around anticipated rate increases. However, as has been publicly stated repeatedly throughout the course of this process, due to essential infrastructure and environmental demands, rate adjustments would be necessary regardless of system ownership --- whether by BASA or Pennsylvania American Water Co. Furthermore, it's worth noting that while BASA possesses unilateral rate-setting authority, Pennsylvania American Water would need to petition the PUC for any rate increase through a public involvement process.

5. The recommendation appears to put more weight and place greater emphasis on the opinions of individuals outside our communities. The overwhelming sentiment among Butler-area residents is that, despite the inevitable rate adjustments, which would occur irrespective of the sale, this transaction offers significant benefits to customers, the regional economy, the environment, and our overall community.