**BUTLER AREA SEWER AUTHORITY**

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[**www.basapa.org**](http://www.basapa.org/)

October 19, 2022

Dear Customer:

The Butler Area Sewer Authority (BASA) has been providing wastewater services to several communities in our region for more than 60 years. Currently, we serve 14,655 customers over 32.5 square miles, including residents and places of business in the City of Butler, Butler and Center townships; East Butler Borough, parts of Connoquenessing Borough, Summit and Oakland townships; and a small portion of Penn Township. **The City of Butler and Butler Township are the sole owners of BASA****.**

As a board, we want to provide you with an update on the offer that BASA received from Pennsylvania American Water (PAW) to acquire our wastewater system for $231.5 million. Throughout our history, we have always strived to put our customers, employees, and communities first when making any decision. That is why we issued a notification letter on Sept.13 to every customer within BASA’s service area detailing PAW’s offer and why our board was seriously reviewing the company’s offer.

Additionally, in that letter, we invited customers to learn more about the company’s offer, attend four open house sessions that the City of Butler and Butler Township hosted, and to share their thoughts and opinions on this matter by visiting our website at [www.resources4basacustomers.org](http://www.resources4basacustomers.org). Some of you took time out of your busy schedules to learn more about this matter, attend the open houses, speak with officials, and submit thoughts, questions, comments, and suggestions through our website regarding PAW’s offer. For that, we are sincerely grateful and have appreciated the opportunity to correspond and engage directly with many of you.

As you might know, our board, in conjunction with city and township officials, spent more than 10 months actively engaged in ongoing discussions with PAW over the possibility of this acquisition. After conducting extensive research and consulting with independent individuals and other municipalities that have gone through this process before, our board voted—unanimously—that this sale was in the best interest of the customers and communities that BASA serves.

**Towards that end, BASA signed an Asset Purchase Agreement (APA) with PAW on Oct. 11, and the City of Butler and Butler Township voted to support this decision through reaffirming resolutions at their meetings on Oct. 13 and Oct. 17, respectively.**

As part of this acquisition, we guaranteed that:

* PAW will assume BASA’s current list of capital cost projects, which total more than $75 million in improvements and upgrades to its aging facilities and infrastructure.
* PAW has also committed to using Butler-area contractors for these projects when possible.
* BASA’s debt of $49 million will be eliminated utilizing the total proceeds of the sale.
* BASA’s operation center will be maintained for a minimum of 10 years.
* All of BASA’s employees (union and non-union) will maintain their jobs based on current salaries and collective bargaining agreements.
* BASA employees will have access to substantially similar retirement and insurance benefits, and the pensions of retirees will not be impacted by this sale.
* Customers are guaranteed a minimum one-year rate freeze that would take effect upon closing until the later of the one-year anniversary of the closing or Jan. 1, 2025.
  + BASA’s rates have remained arbitrarily low for years, and well below many other sewer authorities across Pennsylvania. Because of the operational needs that BASA's facility requires, a rate increase of $2.50 prior to or on the day the acquisition is finalized will be implemented.
* PAW will petition the Public Utility Commission (PUC) to request approval to initiate a pilot program in BASA's service area to replace or repair customers’ laterals to address stormwater inflow (these are the lateral pipes that connect homes and businesses to the public sewers).
  + For years, our customers have experienced costly headaches caused by aging laterals that have failed and damaged their properties. The average cost of a lateral repair is $8,500. If the PUC approves PAW’s pilot program, individual customers like you will no longer have to foot the bill to fix broken laterals.

Overall, with BASA being sold for a purchase price of $231.5 million, along with an additional $75 million the company will allocate for upgrades and improvements to the system, this acquisition represents a total investment of $306.5 million for our community.

In terms of the next steps, PAW will initiate a formal application to the Pennsylvania Public Utility Commission (PUC) to acquire BASA’s system. The process to secure PUC approval can take anywhere from nine months to one year. Once this acquisition is finalized, the BASA board will be dissolved, and the city and township will appoint individuals to a Working Committee to ensure that PAW completes the projects outlined in the capital cost list within five years.

To stay updated and for more information on this acquisition visit [www.resources4BASAcustomers.org](http://www.resources4BASAcustomers.org).

Sincerely,

BASA Governing Board of Directors

*Paul F. Sybert, Chairman*

*Fred M. Vero, Vice Chairman*

*Mavrik W. Goepfert, Treasurer*

*Lance R. Calvert, Secretary*

*Steven C. Braden, Assistant Secretary and Treasurer*