**BUTLER AREA SEWER AUTHORITY**

**100 LITMAN** **ROAD · BUTLER, PA 16001-3256**

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

September 13, 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.

Throughout our history, we have always strived to put our customers, employees, and communities first when making any decision. With this in mind, we write to inform you that BASA has received an offer from the Pennsylvania American Water Company (PAWC) to acquire our wastewater system. BASA’s facility, while maintained well, is aging. When infrastructure ages, it becomes very costly to maintain. This is one of the reasons why we are considering PAWC’s offer.

As the governing body of BASA, we had a fiduciary responsibility and economic obligation to you and the communities we serve to enter into discussions with the company and thoroughly examine this offer. Throughout this process, we have independently reviewed our operations, services, assets, and the other resources that are part of BASA’s system.

If this proposed acquisition occurs, we guaranteed that:

* ***BASA’s debt of*** ***$49 million will be eliminated utilizing the total proceeds of the sale;***
* ***PAWC will complete BASA’s list of Capital Cost projects and upgrades that total more than $75 million;***
* ***PAWC commits to using Butler*** ***area contractors for the Capital Cost projects and upgrades;***
* ***BASA’s current operations center will be maintained for a minimum of 10 years once the facility is acquired;***
* ***Employees will retain their jobs at*** ***current salaries, and they will have access to*** ***substantially similar benefits;***
* ***Highest-******level of environmental regulations will be adhered to;***
* ***PAWC will petition the PUC to request approval to initiate a pilot program that will replace or repair customers’ laterals to address stormwater inflow (lateral pipes are the pipes that connect homes and businesses to the public sewers);***
* *BASA customers have already experienced costly headaches caused by aging laterals that have failed and damaged their properties. Currently, if a BASA customer’s laterals need to be replaced or repaired, the customer is required to foot the bill. On average, lateral replacements can cost customers $8,500. If PAWC acquires BASA and the PUC approves the pilot program, it will spread out the costs of these lateral projects and individual customers will not have to face the burden of spending thousands of dollars.*
* ***Customers will be 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 are well below many other sewer authorities across Pennsylvania and have remained arbitrarily low for years. Because of the operational needs that BASA’s facility currently requires, it will implement a rate increase of $2.50 prior to or on the day the acquisition is finalized. This rate increase is taking place regardless of whether the acquisition occurs because of the extensive upgrades and repairs that BASA’s facility needs. Once this acquisition is finalized, PAWC has guaranteed customers a minimum one-year rate freeze. Currently, BASA can unilaterally raise rates at any time without needing approval from an outside governing agency. If PAWC wants to raise rates on any customers in the future, by law, it must petition the Pennsylvania Public Utility Commission (PUC) and obtain approval to allow rates to be raised—a process that takes approximately nine months.*

In addition to agreeing to the aforementioned terms, PAWC has offered $231.5 million to acquire our wastewater system. Now, we are presenting the offer to you—our customers. We want to share the benefits of the proposed transaction, hear your thoughts and opinions on this matter, and answer any questions that you might have. We want to ensure that you have an opportunity to review PAWC’s proposal because it will impact:

* ***Customers***
* The sale of BASA to PAWC would result in a transition from a flat rate fee to a metered rate, meaning customers would only be charged based on their metered water usage.
* Low-income residents will have access to PAWC’s grant and discount programs to help pay their bills.
* ***Community***
* The City of Butler and Butler Township, as the sole owners of the BASA, will receive the proceeds from this proposed acquisition once BASA’s debts and obligations are paid.
* Proceeds will be used to support essential services for residents, future financial obligations, and various other community improvements that the city and township deem necessary.
* ***Employees***
* All employees (both union and non-union alike) will retain their jobs based on current salaries and collective bargaining agreements.
* Employees will have access to substantially similar benefits (like health, dental, vision, and retirement plans) to what they have now.
* ***Environment***
* PAWC will undertake all necessary permits to operate the system and adhere to all Pennsylvania Department of Environmental Protection (DEP) and U.S. Environmental Protection Agency (EPA) consents and orders*.*

PAWC is required to meet the above terms should we agree to this acquisition. Please know that this process will be met with transparency. We want to hear directly from you and receive your feedback on PAWC’s offer.

In the coming weeks, we will host four open houses and we invite you to attend. At these open houses, you will have the opportunity to meet with members of BASA’s Board of Directors, officials from the City of Butler and Butler Township, and representatives from PAWC. All input received from residents at these open houses will be used in our discussions pertaining to any final actions that are taken on this proposed acquisition.

To learn more, please visit [www.resources4BASAcustomers.org.](http://www.resources4BASAcustomers.org) We will post the dates and locations for the open houses on this website, and we look forward to hearing your perspective on this matter.

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*

Butler Township

*Commissioner, Dave Zarnick (President)*

City of Butler

*Mayor Bob Dandoy*