

BUTLER AREA SEWER AUTHORITY
100 LITMAN ROAD · BUTLER, PA 16001-3256
(724) 282-1978 · www.basapa.org

Oct. 29, 2024

[name]
[street address]
[city], PA [zip code]

Dear Valued Customer:

We are writing to inform you that the Butler Area Sewer Authority (BASA) and Pennsylvania American Water Co. (PAWC) have finalized their \$230 million sale agreement. With the transaction now fully completed, all BASA assets transfer to PAWC. Look for additional information to come related to billing and customer service.

BASA has been providing wastewater services to several communities in our region for more than 60 years. We are proud of our work and grateful for the relationships we have built with more than 14,000 customers over 32.5 square miles. **We are also pleased to report that we secured a deal that promises to deliver a multitude of benefits to customers, residents, the regional economy, and the local environment.**

Among the significant victories included in this agreement:

- The original \$231.5 million sales agreement between BASA and PAWC was **adjusted to \$230 million as part of a joint settlement agreement** after public hearings before a Public Utility Commission administrative law judge over the summer. As part of that agreement, **the water company can recoup only \$228 million through customer rates**, meaning the overall cost to be recovered in future rates will be lower, ultimately benefiting customers.
- **PAWC will contribute \$3.5 million, or \$700,000 annually over five years, to the company's statewide hardship grant program**, which helps low-income families pay overdue water and wastewater bills in emergencies. The company also will **increase eligibility for hardship grants from 200% to 250% of federal poverty income guidelines.**
- **Customers also will enjoy a minimum one-year rate freeze from the closing date or Jan. 1, 2025**, whichever is later. Following the rate freeze, the company will propose moving BASA customer wastewater rates to only 1.4 times the current system rate or PAWC's proposed Rate Zone 1 system-average wastewater rates, whichever is lower. Any future proposed rate adjustments must undergo thorough governmental review and require PUC approval.

- PAWC will **assume responsibility for BASA's ongoing capital cost projects**, totaling over \$75 million in critical infrastructure upgrades, and will prioritize local contractors for the work whenever possible. **BASA's \$49 million debt will be eliminated entirely**, using the proceeds from the sale.
- BASA's **operation center will be maintained for a minimum of 10 years**, and all current BASA employees, both union and non-union, will **retain their jobs with existing salaries** while continuing to have access to similar retirement and insurance benefits (retirees' pensions will remain unaffected).
- Pennsylvania American Water will petition the PUC to launch a **pilot program aimed at replacing or repairing customers' laterals**, potentially relieving individual customers of the burden of lateral repair costs, which can result in thousands of dollars in savings.

This is an exciting time. As the sole incorporators of BASA and the original investors in the wastewater system, Butler and Butler Township will split the proceeds from the \$230 million sale, following the payment of debts and liabilities. This funding will enable us to make transformational investments in our communities.

None of this would have been possible without you. When this process first began more than two years, we promised it would be open and transparent, which is why you are getting this letter today. We also urged residents to engage in the process and share their ideas so we could be sure we were getting the best deal possible. Because of your input and the hard work of so many partners, we have achieved that shared mission.

Again, in the coming days and weeks, you will receive additional information related to billing and customer services. In the meantime, as part of our ongoing commitment to keep you informed every step of the way, we wanted to be sure you heard from us about this final transaction. Thank you again for your engagement and support throughout this process.

For more information, please visit 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

Butler Township

Butler Township President Commissioner James Lokhaiser Jr.

City of Butler

Mayor Bob Dandoy