



Bucks County Association of Township Officials

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Mission

BCATO's mission is to provide support and guidance to townships of the second-class in Bucks County to ensure the health, welfare, and safety of its residents.

March 16, 2024

Comments submitted on behalf to the Bucks County Association of Township Officials (BCATO)

Bucks County Association of Township Officials (BCATO) strongly opposed the efforts by AQUA to acquire Bucks County Water and Sewer Authority (BCWSA) sanitary infrastructure. Local government officials and ratepayers expressed concern over the proposed significant cost impacts for system users. Ultimately these were heard and accepted by Bucks County Officials and acquisition discussions were terminated. Our concern remains that this issue may again surface and therefore we remain vigilant in monitoring the entire Act 12 topic in Pennsylvania.

While we recognize our critical issues in Act 12 relate to the distinction between public agencies in need of critical technical or management skills and not enabling the growth of regulated utilities in exchange for short-term financial benefits for local government. Further, we recognize this is a complex issue in the Commonwealth existing now for several years. Therefore, we believe to stay abreast, BCATO should offer our thoughts on the proposed PAPUC amendments to Section 1329 of PUC, for evaluating the acquisition and valuation of municipal or authority-owned water and wastewater systems.

Overall, we concur with Chairman DeFrank that the proposed four revisions, "will improve the general public's awareness of applications, establish more consistent and expected weighing of valuation methods, and assist the Commission in its ultimate review and analysis of 1329 dockets". As to the specifics, we offer the following comments and concerns.

Public Meeting / Hearing Requirements – The mandate of two meetings is appreciated in recognition of the many time demands citizens have in their everyday lives allowing greater participation. We suggest that there also be minimum notification timelines. For example, in our case, there was less than one-week advance notice provided before the public meeting. Also, ensuring that the notification utilizes the region’s most effective communication approaches, not just a legal notice in a newspaper.

Rate Impact Notice – These parameters are of significant value to the existing customer base and their support services. Several concerns that arise from our perspective include:

- Would the potential impacts on rates be a maximum or capped value, as if understated there would be ongoing problems?
- With the selling utility providing notice to existing customers, would the notice include the acknowledgment of the buyer, to ensure no confusion?
- Also, this seems to imply that mailing would be the method of notice, would there be a minimum timeline to ensure the data is viewed in adequate time?

Default Weights for Appraisals – Recognizing the need for an equitable basis for the evaluation of the different formats and their impacts, we see the need for such a baseline. In the interest of understanding the complexities faced by PUC, would the PUC provide the public with the ranges for the three approaches seen on recent docket packages?

Reasonable Review Ratio – Again, we note this as a valuable evaluation for PUC in its review of the widespread range of approaches offered by prospective buyer/seller teams. As an advocate of the benefits of public ownership, we are well aware of the impact extra costs (e.g. return to shareholders/profit) regulated utilities bring to customers in Pennsylvania and assume this ratio is critical to PUC analysis. In reviewing with other organizations, we have been told that the 1.68 value is significantly below the Fair Market Value deals already approved. Is there an explanation as to the gap and justification?

On behalf of BCATO, we thank you for the opportunity to comment and seek clarification as to the proposed updates.

Stacey Mulholland, Executive Director
Bucks County Association of Township Officials