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June 30, 2023

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**RE: *Application of Pennsylvania-American Water  
Co. under Section 1102(a) and 1329 of the Pennsylvania  
Public Utility Code to acquire the wastewater collection  
and treatment system owned by the Butler Area Sewer  
Authority and to furnish wastewater service to the public  
in Butler County, Pennsylvania  
Docket No.: A-2022-3037047***

Dear Secretary Chiavetta:

Attached for electronic filing please find the Protest of Summit Township, Butler County, Pennsylvania.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

Michael D. Gallagher, Esquire  
PA I.D. No. 59237  
Sean M. Gallagher, Esquire  
PA I.D. No. 318872  
[attys@gallagher.legal](mailto:attys@gallagher.legal)

MDG:mt  
Enclosure

cc: Summit Township Supervisors (*by email*)

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American :  
Water Co. under Section 1102(a) and :  
1329 of the Pennsylvania Public Utility :  
Code to acquire the wastewater collection :       Docket No. A-2022-3037047  
and treatment system owned by the Butler :  
Area Sewer Authority and to furnish :  
wastewater service to the public in Butler :  
County, Pennsylvania :

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**PROTEST OF  
SUMMIT TOWNSHIP, BUTLER COUNTY, PENNSYLVANIA**

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Pursuant to 52 Pa. Code §§ 5.51, *et seq.*, Summit Township, located in Butler County, Pennsylvania, files this Protest to the Application of Pennsylvania American Water (“PAWC”) to acquire the assets of the Butler Area Sewer Authority (“BASA”) wastewater collection and treatment assets, and in support thereof avers as follows:

1. The Protestant is Summit Township, Butler County, Pennsylvania, with a mailing address of 502 Bonniebrook Road, Butler, PA 16002. Summit Township is a Second Class Township.

2. Summit Township will be represented by, and all documents should be served upon its Solicitor:

GALLAGHER LAW GROUP  
Michael D. Gallagher, Esquire  
Sean M. Gallagher, Esquire  
110 East Diamond Street, Suite 101  
Butler, Pennsylvania 16001  
Phone: (724) 282-3141  
Fax: (724) 282-7378  
Email: [attys@gallagher.legal](mailto:attys@gallagher.legal)

3. Summit Township is a party to a Water Pollution Control Agreement for Central Butler County (“1974 Agreement”) with BASA dated February 20, 1974. A copy of the Agreement is attached as Appendix A.25-1 to the Application of PAWC.

4. As of January 31, 2022, Summit Township utilizes 1,512 EDUs, which constitutes 3.2% of the total number of EDUs generated by BASA for the period of August 1, 2021 to January 31, 2022. A copy of a BASA document entitled “Butler Area Sewer Authority, Account Allocations by Parcel No., Active Accounts as of October 1, 2021, Total Billed Data from August 1, 2021 Through January 31, 2022” is attached hereto as Exhibit “SUMMIT-1” and made a part hereof.

5. On or about April 11, 2023, the Office of Consumer Advocate filed a Protest to Application for the sale of BASA to PAWC, asserting therein that:

a. “Current [BASA] customer bills will likely at least double, whether the customer is residential, commercial or industrial;”

b. 33% of the cost of purchase will be shifted to the entire zone 1 system; and

c. There exists doubt as to whether the grant of a Certificate of Public Convenience is “necessary or proper for the service, accommodation, convenience or safety of the public.” (*Citations excluded*).

6. Summit Township adopts the Protest of the Office of Consumer Advocate, as though set forth herein at length. By doing so, Summit Township states that it is unconscionable to monetize the sale of BASA’s assets for the sole use of the City of Butler and Butler Township, to use solely as they see fit, by causing a nearly 100% rate increase to all the current customers of BASA, including Summit Township.

7. The net proceeds of sale are to be distributed to the City of Butler and Butler Township, but none to Summit Township.

8. For example, in the direct testimony of Mayor Robert A. Dandoy of the City of Butler, the Mayor reveals a veritable treasure trove of goods and services which will accrue to the City of Butler, including a façade program, curb appeal program, weed cleanup, paving, funding, unpaid retirement accounts, and the like. *[Direct testimony of Robert A. Dandoy, PAWC Application, Appendix A.13-A, pp. 11-12]*. Not a single tangible benefit is identified by Mr. Dandoy for rate payers in any other community, while those rate payers will bear a 100% rate increase.

9. In a similar vein, the President of the Butler Township Commissioners, Dave Zarnick, proposes avoidance of a tax increase in the Township, debt repayment, fund the pension plan, construction of a fire complex, construction of a recreational complex, and traffic intersection construction. *[Direct testimony of Dave Zarnick, PAWC Application, Appendix A.13-A, pp. 10-11]*. Not a single item identified by Mr. Zarnick benefits any community, other than the City of Butler and Butler Township, which communities will bear the cost of what OCA has determined will be a near 100% increase in bills to BASA customers.

10. Both Mr. Dandoy and Mr. Zarnick assert that they wish to be rid of BASA because it is aging and would require a 75 million dollar upgrade over an unspecified period of time due to neglect by BASA. To them, the best way to ensure that their local respective governments operate unfettered by budgetary constraints, is to place the cost of funding their Municipalities directly on the shoulders of the taxpayers from multiple other communities.

11. Both Mr. Dandoy and Mr. Zarnick assert in their direct testimony that the process was open and transparent. On the contrary, Center Township filed a Right to Know Request to obtain documents from the City of Butler and Butler Township on October 26, 2022. The City of Butler and Butler Township, only on appeal to OOR by Center Township, and only after Center Township requested an in camera inspection, did not produce certain records pertaining to the proposed conveyance until June 15, 2023 (by the City of Butler) and June 16, 2023 (by Butler Township).

12. The cost of financing a 75 million dollar program of upgrades, which is alleged to be spread over a five year period according to Schedule 7.11 of the Asset Purchase Agreement, is a far less expensive proposition for all of the users of the BASA system. In the long run, once the system is updated, not only will the upgrade be a driver for economic development, the upgrade will help ensure, through local control, rates in line with the ability of the working class and the struggling workers who live and work in Summit Township. In addition, many of these expenses were items that would already have been budgeted by BASA, like replacing old vehicles and purchasing equipment. BASA is every bit as capable to undertake the 75 million dollar program of updates, and maybe more so, because PAWC has multiple ongoing projects across the Commonwealth which may have priority.

13 PAWC plans to tie sewer rates to water metering for customers in the future, which will result in rates above and beyond the proposed amount of the tariff outlined by PAWC in the current application.

14. Despite the age of parts of the BASA system, the BASA system still works relatively well. In the last five years, zero Notices of Violation have been issued to BASA

by the DEP. *[PAWC Application, Appendix A.20-F]*. Summit Township believes and therefore avers that if the BASA system has not been properly maintained, which said averment is denied, then the Board of BASA, which consists of three members from the City of Butler and two members from Butler Township, should not benefit the City of Butler and Butler Township as a result of their wanton neglect in overseeing BASA.

15. Summit Township further objects to the sale of BASA as in breach of the 1974 Agreement. More specifically, paragraph 7 of the 1974 Agreement states:

[BASA] agrees to consult with and be advised by each Sewer Service Area through the Municipal Corporation or its duly designated Authority in said Sewer Service Area as to all financial matters, the allocation of the same, the apportionment of the debt, all to the end that the highest possible Grant may be received for the entire Sewer Service Area and the project constructed and put into service at the earliest possible opportunity.

16. Notwithstanding that Summit Township's residents, industries and businesses constitute 3.2% of BASA by EDUs, at no time was Summit Township given the ability to provide advice or consulted, nor was Summit Township kept abreast of matters, except for a few perfunctory letters prepared by a public relations firm and certain open houses at which there was a limited disclosure of information.

17. Summit Township has not agreed to assign its rights in the 1974 Agreement to PAWC.

18. That Summit Township plays an integral role in the 1974 Agreement was confirmed by the actions of BASA, the City of Butler and Butler Township when those parties, along with Summit Township, entered into a Final Consent Order with the DEP

dated October 13, 2006. A copy of the Consent Order is attached as Appendix C to Amended Appendix 22-b (pp. 180-214).

19. More specifically, the 2006 Agreement:

a. Mandated the inclusion of Summit Township and the other communities to the Agreement (after BASA has defaulted on a prior 2001 Agreement);

b. Acknowledged the violations were the result of wet water events which caused the discharge of sewage in the City of Butler and Butler Township;

c. Resulted in a severe restriction on building permits allowed to be issued in the City of Butler, Butler Township, Summit Township, and all of the other parties to the 1974 Agreement; and

d. Also resulted in increased costs to the users of the system for capital improvements to reduce the raw sewage caused by the flooding.

e. The 1974 Agreement states that BASA would bear the full cost of the surcharges; however, those costs were passed on to the residents of Center Township and Summit Township, providing additional value to BASA.

20. Under the terms of the proposed sale of BASA to PAWC, there will be a substantial amount of user fees that have been paid by Summit Township residents to BASA which were used to fund capital improvements. According to the Maher Duessel independent auditor report, there was more than 18 million dollars utilized for net investment in capital assets in both 2021 and 2022, and over 136 million dollars in capital

assets (before depreciation) existing on July 31, 2022. *[Maher Duessel Financial Statements and Required Supplementary and Supplementary Information, Year Ended July 31, 2022 and 21 with Independent Auditor's Report, PAWC Appendix 19-a].*

21. The proposed Asset Purchase Agreement, nor any other Agreement (to the best of Summit Township's knowledge), makes any provisions for the return of capital to Summit Township users, which is neither in the public interest nor to the benefit of the public, and is therefore unconscionable.

22. On the other hand, according to the testimony of Messrs. Dandoy and Zarnick, *supra.*, user fees contributed by Summit Township through the years will be utilized only for the City of Butler and Butler Township projects set forth in paragraphs 8 and 9, above. In a Butler Eagle op-ed, Messrs. Zarnick and Dandoy referred to this approach as "equitable distribution." A copy of the op-ed is attached hereto as Exhibit "SUMMIT-2" and made a part hereof, along with the counterpoint op-ed of Supervisors Willie Adams and Don Pringle of Summit Township and Center Township, respectively.

23. The proposed Agreement of Sale of BASA removes the local control and oversight of a Municipal Authority and removes control to a for profit corporation located in New Jersey, which is also neither in the public interest nor for the benefit of any of the users of the BASA system.

24. Summit Township will incur financial and non-financial costs for damaged roads and other infrastructure as a result of the construction work proposed to take place in year one, rather than a considered plan to minimize the impact of construction in the



different Municipalities, which is neither in the public interest nor for the benefit of any of the users of the BASA system.

25. The land upon which the BASA system lies is tax exempt because Municipal Authorities are exempt from paying property tax. Conversely, under PAWC ownership, the lands will become taxable, and those taxes will be passed on to the users in all Municipalities, which is neither in the public interest nor for the benefit of any of the users of the BASA system.

26. While most of the BASA customer base is charged a flat rate fee per EDU, at least five customers of BASA are charged based upon metered flows: the Butler Health System, Cleveland Cliffs, the Butler Area School District, the Butler County Jail, and the Veterans' Administration. See, email of Duane McKee, Executive Director of BASA, attached hereto as Exhibit "SUMMIT-3" and made a part hereof.

27. The proposed tariffs, as presented in Appendices 12 and 13a on the docket, and Section 7.06 of the Asset Purchase Agreement, do not provide for rates for metered customers, nor do they address how metered customers will be billed after the fact.

28. The customers listed in paragraph 26, above, are some of the largest customers of BASA (see, Exhibit "SUMMIT-3", *supra.*), and without information as to their billing rate, customers serviced in Summit Township may be disproportionately affected by increased tariffs to cover the cost of any missing revenue from the paragraph 26, above, customers.

29. In fact, customers in Summit Township will be forced to cover the sewage costs of the Veterans' Administration of at least \$1,032.00 per quarter in missing revenue.

(See, Appendices 12 and 12a, Asset Purchase Agreement, Section 7.06, Veterans' Administration rate of \$0.00).

30. In summary, Summit Township submits this Protest for the following reasons:

a. The acquisition of BASA's assets and contracts by PAWC would not provide an affirmative benefit to the public, but rather it would be detrimental to the public including the residents, industries and businesses located within Summit Township, in violation of the standards enunciated by the courts in *City of York v. Pa. PUC*, 295 A.2d 825, 828 (Pa. 1972) (the Public Utility Code "requires that the proponents of a merger demonstrate that the merger will affirmatively promote the 'service, accommodation, convenience, or safety of the public' in some substantial way") and *McCloskey v. Pa PUC*, 195 A.3d 1055 (Commw. Ct. 2018), appeal denied, 207 A.3d 290 (Pa. 2019);

b. A future fee increase to the users of the BASA system of nearly 100%, is neither reasonable nor lawful, as set forth in the Protest of the Office of Consumer Advocate, which is adopted by Summit Township, as though set forth herein at length;

c. BASA does not have the contractual right to transfer its assets to PAWC without the advice and consent of Summit Township, which consent has not been given;

d. It is not consistent with the public convenience and necessity for PAWC to acquire the assets of BASA, in violation of 66 Pa. C.S. § 1101, *et seq.*;

e. It is unconscionable to use the sale of BASA's assets as a piggy bank for the sole use of the City of Butler and Butler Township;

f. The currently metered BASA customers have no rate provided for them in the proposed tariff or Asset Purchase Agreement and, as such, their costs will have to be defrayed by the entire system, including Summit Township; and

g. The proposed metering of customers constitutes a greater increase in customer rates, potentially beyond the doubling as anticipated by the Office of Consumer Advocate.

h. The rate will not only increase by double, but over time, will greatly exceed any cost increase that BASA would impose over a similar period of time

31. Counsel consents to the service of documents by electronic mail at the email addresses listed above, as provided in 52 Pa. Code § 1.54(b)(3).

Respectfully submitted,

GALLAGHER LAW GROUP



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Michael D. Gallagher, Esquire

PA I.D. No. 59237

Sean M. Gallagher, Esquire

PA I.D. No. 318872

*Attorneys for Protestant,  
Summit Township*

110 East Diamond Street, Suite 101  
Butler, Pennsylvania 16001  
(724) 282-3141

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American Water Co. under Section 1102(a) and 1329 of the Pennsylvania Public Utility Code to acquire the wastewater collection and treatment system owned by the Butler Area Sewer Authority and to furnish wastewater service to the public in Butler County, Pennsylvania :  
: Docket No. A-2022-3037047  
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VERIFICATION

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I, Willie Adams, Chairman of the Board of Supervisors of Summit Township, Butler County, Pennsylvania, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 6/27/2023


  
\_\_\_\_\_  
Willie Adams  
Chairman

EXHIBIT "SUMMIT-1"

Butler Area Sewer Authority  
 Account Allocations by Parcel No.  
 Active Accounts as of October 1, 2021  
 Total Billed Data from August 1, 2021 Through January 31, 2022

Code	Location	Active Accounts
051	Butler Township - Ward 1	1785
052	Butler Township - Ward 2	593
053	Butler Township - Ward 3	521
054	Butler Township - Ward 4	1126
055	Butler Township - Ward 5	388
056	Butler Township - Ward 6	2204
060	Center Township	2245
120	Connoquenessing Township	168
250	Oakland Township	19
270	Penn Township	1
290	Summit Township	310
380	East Butler Borough	313
561	Butler City - Ward 1	1209
562	Butler City - Ward 2	606
563	Butler City - Ward 3	915
564	Butler City - Ward 4	916
565	Butler City - Ward 5	1336
		<u>14655</u>

Active Accounts		Total Billed from August 1, 2021 to January 31, 2022 **		
Number	Percentage	Billed	EDUs	Percentage
6617	45.2%	\$ 2,336,343	20494	42.7%
2245	15.3%	701,692	6155	12.8%
168	1.1%	79,686	699	1.5%
19	0.1%	99,827	876	1.8%
1	0.0%	228	2	0.0%
310	2.1%	172,327	1512	3.2%
313	2.1%	103,583	909	1.9%
4982	34.0%	1,973,723	17313	36.1%
14655	100.0%	5,467,409	47,960.00	100.0%

\*\* Charges can fluctuate each period based on factors such as water usage on commercial accounts

EXHIBIT "SUMMIT-2"





## POINT-COUNTERPOINT

# If the sale of BASA goes through, you will pay for it

By Don Pringle and Willie Adams

© June 03, 2023 Last Updated: June 06, 2023 05:07 PM Other Voices

If you're a customer of the Butler Area Sewer Authority and you checked your mailbox recently, you should have received correspondence from both BASA and the Pennsylvania American Water Company telling you of rate increases in your future.

No matter how hard they try to soft-pedal when and how those rate increases take effect, the fact is, according to their own letters, you will see rate increases. This is true whether BASA is sold or not.

The question is, will they go higher if BASA is not sold, or will they go higher if BASA is sold to a non-local, publicly traded company that answers to shareholders instead of you?

We contend that under Pennsylvania American, you will pay more — over time possibly double — compared to what BASA would charge if this sale is not stopped. Why?

As a municipal authority, BASA simply needs to pay its debts and cover its costs. As a for-profit corporation, Pennsylvania American has to pay debts and cover costs while growing profits, generating shareholder return, paying dividends and paying executive bonuses. It also has to cover the costs of a large and growing network of operations well outside of the Butler area. You, the customer, will pay for that.

Pennsylvania American has claimed BASA's expenses/upgrades will be shared by every customer in their system across the state. So the \$75 million upgrade BASA says is needed will be shared by customers statewide. The trouble is that works both ways. Local customers will share the cost for other Pennsylvania American acquisitions and upgrades, contributing to even more monthly rate increases over time. Growth comes with a cost.

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BASA can pay for the needed upgrades. According to BASA, the authority has a total of 23,541 equivalent dwelling units (EDU). An EDU is one household. At a rate of \$43 per month, per EDU, that's a total of just over \$1 million per month in revenue. If BASA would borrow the funds, it would cost the ratepayers only \$31 or less per month, depending on the terms of BASA's loan. This is far less than the doubling that Pennsylvania American proposes.

As a municipal authority, BASA could be eligible for grants and low-interest loans through sources such as Penn-Vest or USDA. BASA can lower rates after completing the upgrades.

Another change is that Pennsylvania American would base sewer bills on water usage. What if you water your lawn or wash your car? You will pay for the delivery of that water, and then you will pay again for that water to go down the drain even if it doesn't. Keep BASA and you retain the flat fee arrangement.

We have no way of knowing how Butler City and Butler Township arrived at that \$231.5 million sale price, because only Butler City and Butler Township are represented on the BASA board. Still, when you combine the cost of the sale with the upgrades, the more realistic number is \$305 million that customers will have to pay for in the form of higher bills. Pennsylvania American's own letter indicated a "potential increase" of 94.4% in your bill.

Pennsylvania American promised no rate increases for a year after closing on the sale. But BASA rates already went up by \$5 per month in the fourth quarter of 2022. BASA recently announced another rate increase of \$2.50 per month to take place shortly before closing. That works to Pennsylvania American's advantage, but it penalizes ratepayers. Because two rate increases will have gone into effect before the close, BASA already did the dirty work for Pennsylvania American, and still, Pennsylvania American indicated that more rate increases are on the horizon, starting a year after the sale closes.

We're not alone with our concerns. The Pennsylvania Office of Consumer Advocate, on April 11, 2023, filed its protest with the Public Utility Commission over the proposed sale. Its concerns are similar to ours.

This proposed sale is not in the best interests of local residents and BASA customers. Selling out to Pennsylvania American is fiscally irresponsible and unconscionable. If this matters to you, it's time to speak up or live with the consequences.

***Don Pringle is a township supervisor at Center Township. Willie Adams is a township supervisor at Summit Township.***

*This article was updated on Monday, June 5, 2023, to adjust the number of equivalent dwelling units (EDU) for the system to 23,541. At a rate of \$43 per month, per EDU, that generates over \$1 million in revenue.*

## **TOWN AND COUNTY**

*Items for Town & County should be submitted on weekdays no later than 4 p.m. the day before the requested publication. Call the newsroom at 724-282-8002 to get your items into the paper.*

## **CORRECTIONS**

In the editorial column, "If BASA sale goes through, you will pay for it," Page A4, June 4), the number of equivalent dwelling units (EDU) for the system should have been 23,541. At a rate of \$43 per month, per EDU, that generates over \$1 million in revenue.

## **CHUCKLE**

You're not really rich unless you have a split-level safe deposit box.

## **BIBLE VERSE**

We constantly pray for you, that our God may count you worthy of his calling, and that by his power he may fulfill every good purpose of yours and every act prompted by your faith.

— 2 Thessalonians 1:11

## POINT-COUNTERPOINT

# BASA sale, the right decision for our community

By Bob Dandoy and David Zarnick

© June 03, 2023 Last Updated: June 02, 2023 10:00 PM Editorial

We have come through critical crossroads in our community's history, having made a decision that will significantly benefit our residents, our shared regional economy and the environment.

In October 2022, after months of discussion, research and public input, the City of Butler and Butler Township voted to affirm the sale of the Butler Area Sewer Authority's wastewater assets to Pennsylvania American Water, a trusted provider of our community's water.

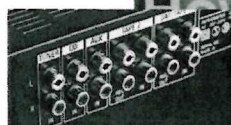
This decision followed nearly a year of thorough research and discussion about BASA's facilities, operations, debts and the required upgrades to our system's aging infrastructure. We conducted a comprehensive review to ensure we were making the best decision.

At every step, we have kept residents, businesses and media informed, providing updates through customer letters, four open houses, fielding questions on our website and sharing information with local press. Throughout this process, we have received minimal feedback to oppose the sale. After speaking with stakeholders, the overwhelming opinion was this was the right move for the future of our community.

Addressing infrastructure needs and debt was a driving force behind this acquisition. BASA needs to complete \$75 million worth of capital projects but lacks the capacity and funding. Additionally, BASA has around \$46.5 million in debt and other liabilities.

Transitioning to Pennsylvania American Water's stewardship will mitigate these issues. The company has the industry expertise and capacity to invest in improvements. Just last week, it announced a \$17.5 million plan for water storage upgrades in the commonwealth. Its investment will not stop there.

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The infrastructure boost that will result from this sale will have a positive impact not only on the system itself but on our environment. Aging infrastructure often struggles to meet increasingly stringent environmental standards. Pennsylvania American is well-equipped to meet the requirements of the state Department of Environmental Protection and the U.S. Environmental Protection Agency.

The City of Butler and Butler Township were the sole incorporators of BASA and original investors in the wastewater system, which is why, if the \$231.5 million asset sale is approved by the state Public Utility Commission, the proceeds that remain following the payment of debts and other liabilities will be split evenly between the city and township.

We have been working diligently to ensure the facility remains operational and available to customers for more than 60 years. As a result, we were the primary stakeholders in its operation, investment and eventual sale. Accordingly, the proceeds from the sale will flow to the original incorporators and will be used to benefit the community as a whole.

This is about equitable distribution, and every single customer in BASA's jurisdiction will benefit equally. This means they will have access to the water company's proposed pilot lateral program, which can result in direct savings of thousands of dollars, as well as to low-income support programs.

Additionally, all customers will benefit from the minimum one-year rate freeze from the closing date or Jan. 1, 2025, whichever is later. In Pennsylvania American Water's first rate case, it will petition to transition billing to a metered rate system, meaning customers will pay only for what they use. This provides a more accurate reflection of each household's consumption.

BASA's rates are well below many other sewer authorities across Pennsylvania and have remained arbitrarily low for years. To meet infrastructure demands, BASA would need to raise rates regardless of the outcome of the sale. If Pennsylvania American Water were to consider rate increases in the future, it would have to receive approval from the PUC — a process that takes approximately nine months and requires public input, offering an additional layer of customer protection.

We understand that change can cause concern. For more information on acquisition details and to leave questions or comments, please visit our website: <https://www.resources4basacustomers.org/>

We are your neighbors, friends and individual ratepayers. We all will be impacted by this acquisition, so please know that this was not and is not something we take lightly. We truly believe this is the right move for our community, setting us on a path toward a more sustainable future. We appreciate the trust you've placed in us, and we look forward to seeing the benefits this change brings.

***Bob Dandoy is mayor of Butler. David Zarnick is a chairman of the Butler Township commissioners.***

EXHIBIT "SUMMIT-3"

NEW ISSUE - BOOK-ENTRY ONLY

Insured Bond Rating:  
Underlying Bond Rating:

S&P Global Ratings: "AA" (Stable Outlook)  
S&P Global Ratings: "A" (Stable Outlook)  
(See "RATINGS" herein)

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds, as defined below, and accruals of original issue discount with respect to the Bonds, is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on and accruals of original issue discount with respect to the Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal individual alternative minimum taxes. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania. (See "TAX MATTERS" herein.)*

*The Authority has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") (relating to the deductibility of interest expenses by certain financial institutions).*

**\$8,315,000**

**BUTLER AREA SEWER AUTHORITY  
(Butler County, Pennsylvania)  
Sewer Revenue Bonds, Series of 2021**

**Dated:** Date of Delivery

**Principal Due:** July 1, as shown on inside cover

**Interest Payable:** January 1 and July 1

**First Interest Payment:** July 1, 2021

**PAYMENT OF PRINCIPAL AND INTEREST:** The Sewer Revenue Bonds, Series of 2021 (the "Bonds") in the aggregate principal amount of \$8,315,000 (the "Bonds"), will be issued as fully registered bonds and, when issued, the Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. So long as Cede & Co. is the registered owner, reference herein to the registered owner of Bonds shall mean Cede & Co., and not the Beneficial Owners (as defined herein). DTC will act as securities depository of the Bonds, and purchases of beneficial ownership interests in the Bonds will be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the Bonds. (See "BOOK-ENTRY ONLY SYSTEM" herein). Interest on the Bonds is payable initially on July 1, 2021 and semiannually thereafter on January 1 and July 1 of each year until the principal sum thereof is paid. Principal of, and premium, if any, on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania (the "Trustee"). So long as Cede & Co. is the registered owner, the Trustee will pay principal of, and interest on, the Bonds to DTC, which will remit such principal and interest to its Direct or Indirect Participants (as defined herein), which will in turn remit such principal and interest to the Beneficial Owners of the Bonds, as more fully described herein. (See "BOOK-ENTRY ONLY SYSTEM" herein.) The Bonds are subject to redemption prior to their stated maturities, as more fully described herein. (See "REDEMPTION OF BONDS" herein.)

**SECURITY FOR THE BONDS:** The Bonds will be secured under the provisions of a Trust Indenture, dated December 30, 2010, as previously amended and supplemented, and as further amended and supplemented by the Seventh Supplemental Trust Indenture to be dated April 14, 2021 (collectively, the "Indenture"), as more fully described herein. The Bonds shall be payable solely from the Pledged Revenues of the Authority, including the receipts and revenues derived from its Sewer System and from other moneys as may be made available for such purpose, as set forth in the Indenture.

**The Authority has no taxing power. Neither the credit nor the taxing power of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision thereof is pledged for the payment when due of the principal of, redemption premium, if any, and the interest on the Bonds; nor shall any of the Bonds be deemed to be obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision thereof, other than the Authority.**

**AUTHORIZATION FOR ISSUANCE:** The Bonds are being issued in accordance with the Pennsylvania Municipality Authorities Act, as amended (the "Act"), and pursuant to both the Indenture and a Resolution duly adopted by the Authority on September 8, 2020 (the "Resolution").

**CREDIT ENHANCEMENT:** The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.

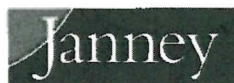


**MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS**

(As Shown on Inside Cover)

**CONTINUING DISCLOSURE UNDERTAKING:** The Authority has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See "CONTINUING DISCLOSURE UNDERTAKING" herein.)

**LEGAL APPROVALS:** The Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters, as requested by Bond Counsel, will be passed upon for the Authority by its Solicitor, Dillon McCandless King Coulter & Graham, LLP, Butler, Pennsylvania. The Bonds are expected to be available for delivery on April 14, 2021 (the "Date of Delivery"), in New York, New York.



moratorium are being monitored on an ongoing basis to ensure any necessary operational adjustments can be implemented as necessary by the Authority.

### Accounts Receivable

The following table shows the amount of billed Sewer Service Charges, including penalties and interest, receivable that were recorded by the Authority as of the end of each of the past ten fiscal years. It should be noted that the amounts listed below include the regular quarterly and monthly billing which are sent out in July of each year, but not due until after the closing date of the fiscal year. Therefore, a large portion of the receivable balance is a result of current billings. The Authority's outstanding Sewer Service Charges, including penalties and interest, receivable at June 30, 2020 was \$928,188. The June 30 balance excludes the effect of the July billing and more accurately reflects the overdue receivable balance of the Authority with some exceptions relative to monthly and industrial waste recently invoiced receivables. In addition, the base sewer service rate has been increased from \$13.00 per month per EDU as of August 1, 2000 to \$38.00 per month per EDU as of January 1, 2020.

<u>July 31,</u>	<u>Amount</u>	<u>July 31,</u>	<u>Amount</u>
2020	\$ 2,093,796	2015	\$ 2,135,874
2019	1,965,646	2014	2,266,345
2018	1,980,962	2013	1,955,462
2017	2,094,941	2012	1,961,936
2016	2,296,402	2011	1,781,883

Source: Authority's independent audited financial statements and Authority financial data.

The increase in the accounts receivable is directly related to the increase in the base sewer service rate over the last ten-year period. The Authority pursues various collection procedures including liening properties and water shut-off, as described above, which results in minimal write-offs to account receivable balances. As of June 30, 2020, approximately \$694,000 of the receivable balance has liens placed against the respective properties and approximately \$146,000 of receivables is owed on a total of 972 individual accounts. Balances are accrued until they are determined to be uncollectable which generally is determined by bankruptcy proceedings or judicial sales of the property by the County.

### Ten Largest Customers

The following table depicts the ten largest customers of the Authority, together with their estimated annual sewer use revenues, estimated annual usage, and average EDUs for each customer as of the fiscal year ended July 31, 2020.

<u>Name</u>	<u>Estimated Annual Sewer Use Revenues</u>	<u>Estimated Annual Usage (gallons)</u>	<u>Average EDU's</u>
Butler Memorial Hospital	\$ 261,200	28,368,000	591
AK Steel	175,500	19,056,000	397
JSP International	112,700	12,240,000	255
Pennsylvania American Water Co.	89,300	9,696,000	202
Villa/Highlands, Apartments	74,300	8,064,000	168
Terrace Apartments	71,200	7,728,000	161
County of Butler - County Jail	68,100	7,392,000	154
Greenview Gardens Apartments	60,100	6,528,000	136
Butler Arbors Apartments	53,000	5,760,000	120
Butler Sitework Associates LLC	48,200	5,232,000	109
	<u>\$ 1,013,600</u>	<u>110,064,000</u>	<u>2,293</u>

\* Includes suspended solids surcharge revenues.

The total annual sewer use revenues generated by the ten largest customers of the Authority (\$1,013,600) is equal to approximately 9.8% of the total annual sewer use revenues generated by billings to the customers of the



BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American Water Co. under Section 1102(a) and 1329 of the Pennsylvania Public Utility Code to acquire the wastewater collection and treatment system owned by the Butler Area Sewer Authority and to furnish wastewater service to the public in Butler County, Pennsylvania :  
: Docket No. A-2022-3037047  
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**CERTIFICATE OF SERVICE**

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I hereby certify that I have this 30<sup>th</sup> day of June, 2023 served a true copy of the foregoing Protest of Center Township, Butler County, Pennsylvania upon the parties listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA ELECTRONIC MAIL ON JUNE 30, 2023**

Administrative Law Judge Marta Guhl  
Pennsylvania Public Utility Commission  
801 Market Street, Suite 4063  
Philadelphia, PA 19107  
[mguhl@pa.gov](mailto:mguhl@pa.gov)  
[sdelvillar@pa.gov](mailto:sdelvillar@pa.gov)

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Erin K. Fure, Esquire  
Pennsylvania American Water Company  
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[egannon@paoca.org](mailto:egannon@paoca.org)  
[mbattle@paoca.org](mailto:mbattle@paoca.org)

**VIA U.S. MAIL, POSTAGE PREPAID AND ELECTRONIC MAIL ON JUNE 30, 2023**

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Office of Small Business Advocate  
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555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
[sgray@pa.gov](mailto:sgray@pa.gov)

Respectfully submitted,

GALLAGHER LAW GROUP



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PA I.D. No. 318872  
[attys@gallagher.legal](mailto:attys@gallagher.legal)