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Robert J. Harvie Jr., Chair  
Diane M. Ellis-Marseglia, LCSW, Vice Chair  
Gene DiGirolamo, Secretary

Mr. Benjamin Jones  
CEO & Executive Director  
Bucks County Water & Sewer Authority  
1275 Almshouse Road  
Warrington, PA 18976

August 15, 2022

Mr. Jones,

As the elected representatives of the people of Bucks County, the Bucks County Board of Commissioners is closely monitoring the proposed sale of the Bucks County Water & Sewer Authority's wastewater system to Essential Utilities/Aqua Pennsylvania. We are also intently listening to ratepayer input and feedback concerning the proposal. This proposal has clearly piqued the public's interest and has understandably received a great deal of coverage in our local media. We thank you for agreeing to hold townhalls during this process to answer questions and solicit feedback.

The County has an obvious interest, on many levels, in having a thorough understanding of the ongoing negotiations between the Bucks County Water & Sewer Authority and Essential Utilities/Aqua Pennsylvania regarding the potential sale of the Authority's sewer operations.

Since its inception six decades ago, the Authority has been an independent entity and operated as such without interference. It has become established practice that while Authority members are appointed by the Bucks County Board of Commissioners, the Authority's operations and finances are not under the purview of the County. This established separation has left the County administration without the requisite knowledge to fully understand the impact a potential sale of the Authority's sewer operations would have on the Authority, the Authority's customers, or the County itself.

The County has an obligation to learn all it can about this issue. To that end, attached to this letter are a series of questions about the proposed sale, which have been sourced from the Commissioners, County staff, and ratepayers who have contacted us directly. We will



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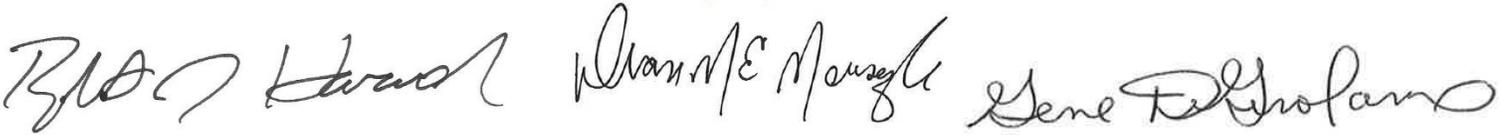


55 E. Court St.  
Doylestown, PA 18901



simultaneously make this document public. We respectfully request that you please respond to these questions in writing by August 29, 2022. We will make those responses available to the public as well. Thank you for your attention to this matter.

Sincerely,



Robert Harvie  
Commissioner Chair

Diane Ellis-Marseglia  
Commissioner Vice-Chair

Gene DiGirolamo  
Commissioner Secretary



## **BCWSA Questions from the Bucks County Board of Commissioners**

- Reports are that the sale of the sewer portion of the BCWSA would net \$1.1 billion and would be the largest sale of a public utility to a private entity in American history. Please verify that amount, and also answer the following:
  - How much of the revenue needs to be used to pay off BCWSA debt?
  - What other BCWSA obligations need to be met using the remaining funds?
    - How much of the funding will be used to meet those obligations?
    - After the above obligations are met, will the BCWSA commit to transferring the remainder of those funds to the County of Bucks?
- Has BCWSA raised its sewer rates over the past five years? If so, please detail those increases.
- Does BCWSA believe that it is legally required to remit to the County the proceeds of a sale of the sewer operations of BCWSA or does BCWSA believe this is discretionary? With references to statute and/or caselaw, please provide a legal basis for BCWSA's opinion.
- If the County accepted the proceeds of the sale of the sewer operations of BCWSA, how much would need to be put aside to offset any increase in sewer rates for the next five years? For the next 10 years?
  - Has there been discussion of this fund being the responsibility of Essential Utilities/Aqua Pennsylvania, instead of the County?
  - Does BCWSA believe that such a fund may be managed by BCWSA? If not, please provide a legal basis for BCWSA's opinion.
- Will Essential Utilities/Aqua Pennsylvania commit to not raising rates for the next five years? For the next 10 years?
- In what way could the Bucks County Commissioners retain a position of oversight and involvement so that sewer ratepayer interests, as well as problems, are readily attended to and resolved?
- Can the Authority continue to operate relying only on income from its water operations?
  - Will water rates need to increase to allow the Authority to function successfully?
- It is our understanding that residents who are not customers of BCWSA who choose to, or have to, connect to the BCWSA sewer system are responsible for all costs to do so. Whereas a private company, such as Essential Utilities/Aqua Pennsylvania, is permitted to cover those expenses for the resident. Is that accurate?

- Please detail the number of BCWSA sewer customers by municipality, regardless of what County they are in.
- When calculating its number of customers, is BCWSA including residents who pay their sewer bill to another authority that handles conveyance, which then pays BCWSA for treatment (i.e. Township of Falls Authority)?
  - Will any rate freeze implemented by Essential Utilities/Aqua Pennsylvania extend to bulk customers (i.e. Township of Falls Authority) as well as to individual ratepayers?
- For municipalities who sold their sewer operations to BCWSA in recent years under the assumption that those operations would stay under the control of a public entity, does BCWSA have a plan to address any desire by those municipalities to re-acquire their systems?
  - If so, what impact would that have on the negotiations with Essential Utilities/Aqua Pennsylvania?
- Please detail the protections being put in place for the current employees of BCWSA.
- What impact will there be on the pensions of current and retired employees of BCWSA if the sale occurs and they go from being employed by a public entity to a private entity?
- Will Essential Utilities/Aqua Pennsylvania recognize all the current bargaining units who represent current employees?
- Since the BCWSA was initially set up as joint authority, would the split caused by this sale void the original intent of the Bucks County Board of Commissioners? Who, if anyone, would have standing to challenge a sale on this basis?
- Would the sale of the sewer system ultimately require a vote of approval by the Bucks County Board of Commissioners to be finalized?
- Why is Essential Utilities/Aqua Pennsylvania only interested in the wastewater system and not the entire authority?
- Was a valuation done of each system (water and sewer) or both systems combined?
- What will become of the BCWSA if the sale is complete?
  - Does BCWSA believe that it would be required to be dissolved and recommissioned as a new entity only dealing with water? With references to statute and/or caselaw, please provide a legal basis for BCWSA's opinion.

- Please share feedback received by BCWSA from the public regarding the proposed sale (e-mails/correspondence/public comments).
- When and where will additional public events/townhalls/open houses be held?
- What is the likelihood of the PUC approving the dissolution of the BCWSA and allowing the county to create a new authority with additional purposes?
- Can you provide us a specific historic example of when the PUC approved the sale of a water and sewer authority, the dissolution of that authority and then granted the creation of a new authority for a different purpose?
- Are there examples of the PUC approving such a split in the past (selling off one system but keeping the other)?
  - Is there Pennsylvania caselaw on a like proposal?
- After a sale, would the remaining revenues in the BCWSA account be expendable for a purpose other than that for which the initial rate was collected? In other words, can a rate collected for water and sewer in turn be used for something like stormwater infrastructure or another purpose under a new authority?
- In terms of working with the PUC on projects, rates, etc., are there any advantages a public authority has over a private entity? Are there advantages a private entity has over a public one?
- Please define “tap-in fee” revenue and how it is to be captured and used.
  - What would happen to that revenue if this sale goes through?
- Why would Essential Utilities/Aqua Pennsylvania be interested in purchasing a sewer system that, according to reports, will require \$245 million in repairs?
- Why does BCWSA think it is a wise idea to sell the sewer system?

**The remaining questions assume there is no sale of the sewer operations:**

- Has BCWSA projected forward, any amount of time, to determine if sewer rates will need to be raised in the future?
  - If so, how many years forward has BCWSA projected and what are the projected increases over that time?
- What sewer infrastructure projects would BCWSA need to undertake in the next 10 years?
  - What are the projected costs of those projects?
  - How would BCWSA finance those projects?
  - What, if any, impact would those improvements have on sewer rates?

- Will BCWSA be mandating that customers who are not currently connected to the BCWSA system connect to a public sewer?
  - If so, please detail what municipalities those customers reside in and when those mandated connections will occur.
  
- It has been suggested that BCWSA needs more than \$245 million in sewer repairs. Is that accurate and will the authority be in the position to be able to make the repairs?
  - What kind of rate increase would be required to begin and complete the aforementioned repairs?
  - Would the BCWSA considering floating a bond to make any necessary repairs?