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**RESOLUTION NO. 2022-25**

**A RESOLUTION OF THE TOWNSHIP OF PLUMSTEAD, BUCKS COUNTY, PENNSYLVANIA OPPOSING THE SALE OF BUCKS COUNTY WATER AND SEWER AUTHORITY ("BCWSA") WASTEWATER SERVICES TO AQUA PENNSYLVANIA.**

**WHEREAS**, the Board of Supervisors of Plumstead Township recognizes that on July 13, 2022, BCWSA announced its entry into an Exclusivity Agreement with Aqua Pennsylvania to negotiate a sale of its sewer utilities for \$1.1 billion within the next 12 months;

**WHEREAS**, the Board of Supervisors requests that BCWSA utilize the full 12-month period to solicit concerns from the public and to explore the impact of the proposed sale with full transparency to affected customers and the public;

**WHEREAS**, the Board of Supervisors understands that Aqua Pennsylvania contacted BCWSA two years prior with an unsolicited offer to purchase BCWSA's public sewer systems;

**WHEREAS**, the Board of Supervisors asserts that BCWSA should have included its Exclusivity Agreement with Aqua as an agenda item for its July 13, 2022 board meeting in order to give advance notice to the public, instead of amending the agenda on the day of the meeting;

**WHEREAS**, the Board of Supervisors recognizes that BCWSA has served all public sewer needs of the Township in its Sanitary Sewer District since it acquired Plumstead Township's sewage lines in 1978, with the understanding that BCWSA would improve and fix Township lines;

**WHEREAS**, the Township entered into a Settlement Agreement with BCWSA in 2007, giving BCWSA exclusivity over Township public sewage service, and the Township seeks to ensure adherence to all terms, conditions, and covenants of the Settlement Agreement;

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Supervisors firmly requests that BCWSA and the Bucks County Board of Commissioners abandon its negotiations with Aqua and reject any purchase proposal from Aqua or any private entities seeking to purchase BCWSA's water and/or sewer utilities. In the alternative, if BCWSA decides to sell to Aqua, the Board of Supervisors requests that both Aqua and BCWSA comply with all terms, conditions, and covenants of the 1978 Agreement and 2007 Settlement Agreement with the Township. The Board of Supervisors raises the following objections and requests as set forth herein:

**I. Privatization of public utilities**

The Board of Supervisors believes that the sale of BCWSA wastewater services to Aqua Pennsylvania, a private entity, is not in the best interest of Township residents. Act 12 of 2016 (66 Pa.C.S. § 1329) encourages the privatization of public utilities and allows private entities to recover the appraised value of the systems they acquire, plus a rate of return on fifty percent of the appraised value, through increasing rates for customers. Aqua's rates are regulated by the Pennsylvania Public Utility Commission ("PUC"), which has a history of raising its rates substantially for municipalities that have sold their wastewater systems to Aqua, including Limerick Township, whose rates increased 82%; East Bradford Township, whose rates increased 64%; Cheltenham

Township, whose rates increased 65%; East Norriton Township, whose rates increased 57%; and New Garden Township, whose rates increased 53%.

Although private utilities must obtain PUC approval before raising their rates, the impact of increased rates on customers is nonetheless detrimental. In May of 2019, for instance, Aqua offered to purchase the wastewater system owned by Warrington Township for \$40,200,000 and anticipated a rate increase of 66% when Aqua next appeared before the PUC. The Plumstead Board of Supervisors seeks to protect Township residents from preventable rate increases of a similar nature. In September of 2019, Warrington Township sold its wastewater system to BCWSA for a base price of \$16,150,000—far less than half of what it could have received from Aqua based on its belief that BCWSA had no intention of selling its system to a private utility.

## **II. Impact on ratepayers**

BCWSA customers have already paid for the construction of the wastewater infrastructure in their sewage service areas and continue to pay for maintenance of this infrastructure through their monthly or quarterly utility payments. The increased rates following the BCWSA sale allow Aqua to excessively profit at the expense of resident ratepayers. Proposed rate stabilization will not alleviate this issue in the long-term for ratepayers.

The Board of Supervisors requests that Aqua provide information regarding its rate zones and consider working toward uniformity in rates across zones. BCWSA ratepayers face uncertainty as to whether Aqua will create a new rate zone for these customers, or whether Aqua will add BCWSA customers to one or more of its twelve preexisting rate zones. BCWSA customers might pay varying rates depending on their rate zones.

## **III. Settlement Agreement**

In 2007, BCWSA entered into a Settlement Agreement with Plumstead Township reserving a sewer capacity of 1,125 EDUs within the Plumstead Sanitary Sewer District. In conjunction with an initial 1978 Agreement between BCWSA and the Township, this Settlement Agreement secures BCWSA as the sole sewage service provider in the Township. The Board of Supervisors urges that BCWSA and Aqua maintain all terms, conditions, and covenants of the Settlement Agreement.

## **IV. Conclusion**

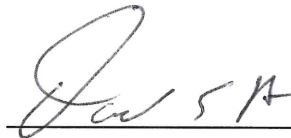
Wastewater services such as those provided by BCWSA are essential to protecting the environment, and it is imperative that those services be provided at cost-effective and reasonable fee structures. Privatization of BCWSA's assets ultimately results in negative impacts for local municipalities and their residents. The Board of Supervisors opposes the sale of BCWSA wastewater services to Aqua or any other private entity. The Board of Supervisors respectfully requests that BCWSA abandon its negotiations with Aqua and continue as an independent, non-profit agency, as intended when it was created in 1962 by the Bucks County Commissioners. In the alternative, if BCWSA decides to sell its wastewater services to Aqua, the Board of Supervisors requests the following:

- a. **Transparency.** The Board of Supervisors requests that BCWSA remain transparent in all negotiations of the proposed sale, in any proposed rate changes, and in the County's allocation of proceeds from the sale.
- b. **Sale proceeds.** BCWSA currently services 75,000 residents of Bucks County, who will bear the impact of any increase in rates following a sale to a private entity. The Board of Supervisors strongly recommends that Bucks County allocate a substantial portion of its \$1 billion in profits from the Aqua sale to the 75,000 affected Bucks County residents or their municipalities by creating a fund to assist Emergency Services serving those municipalities.

- c. **Rate stabilization.** The Board of Supervisors requests rate stabilization for affected customers and urges BCWSA to provide information regarding how BCWSA will establish a rate stabilization fund, who will hold this fund, and for how long the rate stabilization will last.
- d. **Rate zones.** The Board of Supervisors requests that Aqua create uniform rate zones to minimize the impact of increased rates on BCWSA customers. The Board of Supervisors recommends consolidation of Aqua's twelve preexisting rate zones into fewer zones to achieve this end.
- e. **Upholding Agreements.** The Board of Supervisors requests that BCWSA and Aqua uphold all terms, conditions, and covenants contained in the 1978 Agreement and the 2007 Settlement Agreement between BCWSA and Plumstead Township.

RESOLVED, this 9<sup>th</sup> day of August, 2022.

**PLUMSTEAD TOWNSHIP BOARD OF SUPERVISORS**



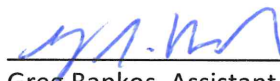
Dan Hilferty, Chair



Jim McComb, Vice Chair



Ken Lichtenstein, Assistant Secretary

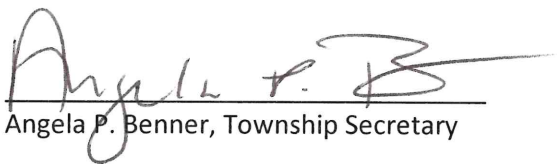


Greg Bankos, Assistant Treasurer



Pete Busillo, Member

Attest:



Angela P. Benner, Township Secretary