

LEGAL QUESTIONS REGARDING SALE OF SEWER SYSTEM UPPER POTTS GROVE TOWNSHIP

Can you confirm that the Township is depending on this State legislation to justify the conduct of "ZOOM" meetings for the unrelated and non-emergency purpose of selling the sewer system? **No.**

What if people don't connect to the sewer when part of the 537 plan? Township? **The Township in its past history has never forced connections. Instead, the Township will lien the property for the tapping and connection fees and then institute the quarterly sewer billing sixty (60) days from the date of the Notice to Connect which is accordance with Township Ordinances. PA American Water PAW? The Township will enforce its Ordinance §274-2 mandating connections regardless of whether the system is owned by the Township or PAW. The exception to mandatory connection for sewer mains that are "privately-constructed" applies to private developers and not to sewer mains constructed by PAW.**

Will PAW bill or will it stay with Pottstown? **PA American Water is planning on billing.**

How does it work for late payment for the change over? **Pursuant to PUC regulations and PAW's PUC-approved tariff, the due date for payment of a bill shall be no less than twenty (20) days from the date of transmittal. Payment received by the PAW more than five (5) days after due date will be charged a penalty of 1.50%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.**

It has been said that PAW will take over the whole sewer workings, does that include the sewer fund? **No, the Sewer Fund remains with the Township. The Township is only selling the assets of the sewer system which does not include the Sewer Fund.**

Can PAW sell the system to someone else? Does the township have a say if and when that happens? **PAW has no intention to sell the Upper Pottsgrove sewer system or any other water or wastewater system that it owns. While legally possible, any sale could be subject to the approval of the PUC. The Township would have no authority over a sale but could petition to intervene in the PUC proceeding.**

Upper Pottsgrove has had bad luck in the past with sewer companies or small systems that the township then had to take over, Can the same thing happen? **Upon approval of the sale to PAW by the PUC, the PUC will issue a certificate of public convenience to PAW to provide wastewater service in Upper Pottsgrove Township's service area under its Act 537 Plan. No other wastewater provider will be permitted to provide wastewater service within PAW's certificated service territory. Can PAW walk away from Upper Pottsgrove? No, pursuant to the certificate of public convenience that will be granted to PAW by the PUC, PAW has an obligation to serve its certificated service territory in Upper Pottsgrove Township, consistent with its PUC-approved tariff. If PAW would seek to sell the wastewater system or abandon service, neither of which it has any intention of doing, that would need to be approved by the PUC.**

How long are the bids good for? **Bids are good until June 30, 2020, pursuant to the Request for Bids issued by the Township.** Would PAW be willing to extend the time the bids are good for? **PAW prefers to maintain the schedule that has been set by the Township.**

So we heard that someone could be here for an emergency in 15 minutes. What is the average time for someone to come out for an emergency? **Average response time would be approximately 30 minutes.** How fast does the company require someone to come out? **PAW has both on-call Supervisors and paid on-call hourly employees who respond to emergencies in all of our water and wastewater systems. They are required to respond within one hour of being notified of an emergency. PAW's call center is staffed 24 hours per day and seven days a week.**

When PAW adds infrastructure and new rates are made via the PUC are the sewer rates based on sewer infrastructure or all infrastructure? **When PAW files a request with the PUC for an increase to water and wastewater rates, there are several drivers, the largest being the infrastructure improvements. Proposed rates for water are developed based on the revenue requirement and cost to serve the water systems. Proposed rates for wastewater are developed based on the revenue requirement and cost to serve the wastewater systems. Pursuant to Act 11 of 2012, investor-owned facilities such as PAW are permitted to shift a portion of the wastewater revenue requirement to water, thus mitigating wastewater rate increases and spreading those costs over the larger water customer base.**

Closing on the sale, there is a more in-depth inspection, could that change the price? **Make the township do repairs before closing? Any inspection of assets conducted after the Asset Purchase Agreement ("APA") is signed and before Closing, is unlikely to result in an adjustment to the Purchase Price. However, the Township does have obligations under the APA that must be met prior to Closing, including to continue to operate the systems consistent with past practices and to complete certain projects pursuant to the Act 537 Plan. This also includes the items listed in the Corrective Action Plan with the Borough of Pottstown.**

Would it ever be possible for sewer users with public water to switch to metered sewer rates? **Yes, metered rates for customers with public water in the Upper Pottsgrove wastewater system may be considered in the future.**

How have the rates with PAW moved for the last 5, 10, and 15 years? What were they? What are they now? **PA American Water went to a consolidated statewide wastewater rate in 2014. Below is an illustration of the monthly bill of the average residential customer from 2014-2020 based on the then in effect PA American base wastewater rates.**

2014 - \$58.50
2015 - \$58.50
2016 - \$58.50
2017 - \$58.50
2018 - \$64.93
2019 - \$59.94
2020 - \$59.94