



EAST BRADFORD TOWNSHIP

CHESTER COUNTY, PENNSYLVANIA

Concerning the East Bradford Township Sewer Conveyance System Disposition & Sale 2017-2018

Background

During the last three years, East Bradford Township has evaluated, assessed and considered the future disposition and operation of the Township-owned public sewer conveyance system. 1,212 households and 30 commercial / institutional customers are served currently.

The Board of Supervisors has determined, as have numerous other municipal governments in recent years, that there are competent non-government entities with expertise and resources to own, operate and manage wastewater infrastructure effectively and efficiently.

The East Bradford Township Board of Supervisors will consider action to enter into an Asset Purchase Agreement for the sale and assignment of the Township public sewerage system to Aqua Pennsylvania on December 12, 2017. This action is a next step in a lengthy process of due diligence, contract negotiation and regulatory review. Application to and approval by the Pennsylvania Public Utility Commission (PUC) is required. The Board of Supervisors is confident its decision will best serve the public health, safety and welfare of the Township and its residents in the long-term.

The East Bradford Township sewer conveyance system is relatively new; the six sewer pump stations and approximately 20 miles of mains and pipe conveyance infrastructure was built between 1985 and 2006 during 'the development years' and has been well maintained. This fact makes it attractive to qualified entities like Aqua. The Township does not own or operate any wastewater treatment plants. Over the years, the sewer conveyance system largely has been operated and maintained by qualified third-party contractors and professionals including recently an Aqua subsidiary.

Wastewater treatment service is provided by the Borough of West Chester through a long-standing intergovernmental cooperation agreement that will be assigned to Aqua.

Important Questions

As a Public Sewer Customer How Will the Sale Affect My Rates?

In 2017, residential customer's annual fixed rate fee is \$817 for single-family homes and \$633 for townhomes. During the period from 1996 through 2017 (22 years), sewer fees increased at an average annual rate of 4.5%. There is no rate increase for 2018. Your rate will remain the same when Aqua acquires the system. Any future increases will be subject to a separate request by Aqua to the PUC for a change in these rates, which must be approved by the PUC before the rates are effective.

Customers pay a fixed rate – 75% of the total is the pass through paid to the Borough for wastewater treatment; the remaining 25% is Township administration, operations and reserve funding.



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Aqua Pennsylvania is a public utility whose rates must be reviewed and approved by the PUC. At this time, it appears that the next Aqua rate case before the PUC would tentatively be decided in early 2019. Given the timing of the sale of the Township system, this sale may or may not be part of that (2019) rate case. If it is not part of the 2019 rate case, the next rate case will likely be in 2022.

In the interim, irrespective of whether the Township or Aqua owns and operates the system, the Borough may still impose rate increases.

Aqua Pennsylvania rates are set by the PUC and vary throughout the state. Typically, Aqua requests rates based on the company's investment in the system, its operating costs and future capital needs.

As an Aqua Pennsylvania Customer What Changes Can I Expect?

Aqua Pennsylvania has provided billing and maintenance services to the Township sewer system for years and of course provides public water to East Bradford Township – it knows our residents and our community.

Aqua Pennsylvania and the Township will work closely to provide a smooth transition with timely communication and customer support for billing and service questions.

What will the Township Do with the Sale Proceeds?

The firm resolve of the Township and Board of Supervisors is to invest and protect the entire proceeds of the sale consistent with the authority provided in the Second Class Township Code. There are no current projects or plans to use these funds for capital improvements. The Board of Supervisors will consider the use of the annual return on this investment (the interest / dividends) to support the ongoing financial operation and management of the Township if necessary and warranted and to mitigate the need for tax increases.