

# TOWAMENCIN SEWER SYSTEM SALE UPDATE

*This is the first in a series of updates from Pennsylvania American Water to area residents about the Towamencin Township sewer system sale.*



**Pennsylvania American Water is a recognized leader in all things water and wastewater. That's why more and more communities – like Towamencin Township – are looking to us to be their wastewater service provider.**

We're honored that the Towamencin Township Board of Supervisors has chosen to entrust us as the future owner and operator of their wastewater system, and **we want to make sure that you—the local residents—receive accurate, timely updates on the process.**

## REASONS FOR THE SEWER SALE

Based on our discussions with the Township, we understand that the Township is choosing to sell its wastewater system for two primary reasons:

### 1 Investment Needs for System Compliance

A company of our size and expertise has the financial resources and technical expertise needed to operate and provide long-term investment in the system – particularly in response to more stringent environmental regulations. Built more than 50 years ago, the sewer system is facing significant upgrades – estimated to exceed \$39 million over the next eight years. The system also has a history of environmental permit exceedances and failures to meet testing requirements, which our company is well equipped to remedy. By shifting this responsibility to us, the Township is removing the risk associated with funding major capital upgrades to maintain regulatory compliance.



### 2 Solidifying the Township's Financial Future

The sale will improve the Township's financial situation and enable the Township to fund essential projects without taking on additional debt, helping solidify its financial future. Our purchase of the wastewater system for \$104 million will enable the Township to entirely pay off debt, enhance existing pension fund balances, and jump start capital projects. The remaining funds of over \$70 million will be placed in a capital reserve fund for use toward improvements in the Township's stormwater infrastructure, parks, fields, intersections, equipment, facilities, and fire department. Without this sale, Township debt could approach \$80 million over the next decade and Township sewer rates are projected to more than double over the next eight years.



**PENNSYLVANIA AMERICAN WATER**

**WE KEEP LIFE FLOWING®**



## COMMISSION REGULATION OF PENNSYLVANIA AMERICAN WATER RATES AND SERVICES

Unlike when water and wastewater services are offered by local townships or authorities, Pennsylvania American Water is fully regulated by the Pennsylvania Public Utility Commission. Under Pennsylvania law, the Commission is charged with supervising and regulating public utilities and ensuring utility activities, including all rates and services, are just and reasonable.

In May 2023, our company filed an application at the Commission to evaluate whether the sale of Towamencin's wastewater system to our company is in the public interest. The Commission's review of the application may take up to a year, and we will continue to update Towamencin residents at various points throughout the process.

If the Commission determines that the sale is in the public interest, the sale can proceed towards closing. If we become Towamencin's new wastewater service provider, there will not be an immediate impact on rates, as we have committed to adopt Towamencin's current rates in effect at the time of the closing. Our rates are set by the Commission, and any future requests for rate increases would need to be reviewed and approved by the Commission in a robust and transparent process that provides ample opportunity for customer input.

We also offer bill assistance programs to customers based on their income level. We estimate that more than 1,000 customers in Towamencin will be eligible to participate in one or more of our bill assistance programs, which could significantly reduce a resident's total wastewater bills. Currently, the Township does not offer any low-income assistance programs to its wastewater customers. For more information about these programs, visit [pennsylvaniaamwater.com](http://pennsylvaniaamwater.com). Under Customer Service & Billing, select Customer Assistance Programs.



**LEARN MORE ABOUT OUR ACQUISITION OF TOWAMENCIN'S WASTEWATER SYSTEM**

## WE LOOK FORWARD TO SERVING YOU

Our team of experts has what it takes to deliver safe, dependable and environmentally responsible wastewater services. Being a good steward of your water – including what goes down the drain – is just one more way We Keep Life Flowing right here in Montgomery County.

