



PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS • PENNSYLVANIA MUNICIPAL AUTHORITIES ASSOCIATION
PENNSYLVANIA BOROUGHS ASSOCIATION
PENNSYLVANIA MUNICIPAL LEAGUE • PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP COMMISSIONERS

TESTIMONY ON BEHALF OF PENNSYLVANIA LOCAL GOVERNMENT ASSOCIATIONS
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AND

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HOUSE CONSUMER AFFAIRS COMMITTEE HEARING – HB 798

Facts on Authority and Municipal Water and Sewer Operations

1. Authority boards are comprised of local citizens and/or business owners appointed by their elected governing body, and municipal boards are either elected officials or appointees of those elected officials. In both cases, local citizens with a stake in the community make decisions on operations, control, rates, annual budgets, financing, addressing complaints, and future growth in the best interest of their neighbors and community.
2. Publicly owned systems, whether municipal or authority-owned, hold regularly scheduled and advertised open public meetings in their community, to discuss and vote on issues, improvements, and rate increases with input from citizens.
3. Local governments and authorities are subject to the state Open Records Act (Right-to-Know), Ethics Act, and Open Meetings (Sunshine) Act, as well as annual financial reporting requirements (submitted to the Department of Community and Economic Development), an annual audit and report required under each of the individual municipal codes, as well as state mandated advertising and bidding requirements under municipal codes and procurement law.

Impacts of HB 798 - PUC Oversight of All Authority and Municipal Water and Sewer Systems

4. As opposed to privately held water and wastewater utility companies, municipal and authority owned systems are not operating to generate a profit or return investments to stockholders, they simply need to break even, or add to capital reserves for needed future projects.
5. **All** rate increases, including incremental annual increases, would be decided by PUC, not local officials, at enormous costs for their review and decision-making (estimates range from \$200,000 to \$400,000 for review and final disposition). Authorities and municipalities simply cannot afford this unfunded mandate. Furthermore, it provides no infrastructure benefit for the customers they serve.
6. PUC is not equipped to handle oversight for an additional 1000+ publicly-owned water and wastewater systems (up to 1100 authority systems and perhaps over a hundred municipal systems---including the Philadelphia (municipal) and Pittsburgh (authority) systems). This will result in longer review delays and need for more PUC staff potentially increasing the size and cost of state government.
7. PUC meetings are not “local” for many citizens who may want to testify at a rate-setting hearing before the Commission, usually held in Harrisburg.

Continued expensive and forced interaction with PUC may drive community-owned systems to consider “privatizing” their operations, further increasing rates (see attached rate comparison) and losing municipal employees as well as the public assets of the community such as water reservoirs, treatment plants, and distribution and collection systems.