

CONSIDERATIONS BEFORE SALE OF A MUNICIPAL AUTHORITY TO A PRIVATE WATER COMPANY

Authority Facts:

1. Publicly/locally owned (the community's water resources & infrastructure)
2. Locally controlled (management decisions, maintenance, operations, rates)
3. Local/community based service
4. Not regulated by the PA Public Utility Commission (PUC)
5. Rates based locally
6. Lower rates: Operate to serve community (not for profit)
7. Rates are set by and ratepayer concerns to authority staff & board members, elected public officials whom appoint board members
8. Lower costs – tax free financing, **NO** PUC rate proceeding costs paid by ratepayers
9. Break even budget (surplus funds invested back in the service)
10. No foreign investment and/or ownership

Private Water Company Facts:

- Privately (investor) owned (water resources & infrastructure)
- Stockholder controlled (management decisions, maintenance, operations) & state controlled for rates
- Statewide based service
- Regulated by the PA Public Utility Commission (PUC)
- Rates based statewide
- Higher rates: Operate for profit to pay stockholders
- Rates are set by and ratepayer concerns to PUC and to PUC administrative law judges
- Higher costs – taxed financing, **significant** PUC rate proceeding costs paid by ratepayers
- Statutory return on investment
- Potential foreign investment and or/ownership