



**TESTIMONY BY
THE PENNSYLVANIA STATE ASSOCIATION OF
TOWNSHIP SUPERVISORS**

**BEFORE THE
SENATE LOCAL GOVERNMENT COMMITTEE**

ON

HOUSE BILL 1563 (PN 2128)

PRESENTED BY

**MELISSA J. MORGAN
LEGISLATIVE & POLICY ANALYST**

**JULY 14, 2020
HARRISBURG, PA**

Chairman Martin and members of the Senate Local Government Committee:

My name is Melissa Morgan and I am the legislative and policy analyst for the Pennsylvania State Association of Township Supervisors. Thank you for the opportunity to submit comments on behalf of the 1,454 townships in Pennsylvania represented by the Association.

The Association is a non-partisan, non-profit member service organization. Member townships represents 5.6 million Pennsylvanians — more residents than any other type of Pennsylvania municipal government and cover 95 percent of the commonwealth's land mass. Thank you for giving us the opportunity to comment on an issue that would impact many of our members that have created or are served by water and sewer authorities.

HB 1563 (PN 2128) would amend the Municipal Authorities Act to allow owners of multiple rental properties served by a single meter to request a rate study and subsequent adjustment of water and sewer rates. We have concerns that this bill would create preferential treatment for one class of property owner at a cost to the system, while bringing an authority's compliance with the "reasonable and uniform" rates of Section 5607(d)(9) of the Act into question.

The costs to operate water and wastewater systems are substantial and the most of these are fixed due to the substantial capital investment into creating, operating, and maintaining the plants themselves in compliance with state and federal regulations, as well as the apparatus and piping needed to provide services to the customers. The system must provide service to all users of the system, regardless of whether they are currently using it or not. And for wastewater treatment plants, the service at a structure cannot simply be turned off due to nonpayment or failure to use the system, as this would create an environmental hazard.

As a practical matter, for many authority-owned sewer systems in rural townships, water service is provided through private wells, which do not have meters, or utility water providers, who are under no obligation to share meter information. How is an authority to respond for such a study request in this situation? Even if the property in question is metered, if the authority does not have meter information for its other customers, how will such a study be performed or a fair comparison be made?

The same request for relief could logically be extended to any business that is vacant or home that is used seasonally. However, this would simply cause more havoc on the uniformity of the system's rates and create a funding issue. Water and wastewater authorities must work to collect the fees for their systems, which can be challenging as many were formed to provide service to low-income areas due to failure of on-lot septic systems. If this service was not provided, these properties would have been condemned. Particularly at a time of record unemployment which is likely to lead to a significant financial strain on many low-income ratepayers as unemployment benefits reduce or end, it is critical that the funding of these systems remain in place at rates previously determined through comprehensive study to be "reasonable and uniform" or incredible financial strain will be placed on these systems, which will force increased rates on those who may be unable to pay.

Public sewer and water benefits the property owner by providing a service that the property owner must contribute to, but is no longer responsible for owning or operating. If the property owner did not have public water or sewer, they would need to operate a private well and on-lot septic system or, for larger rental properties, a small wastewater treatment plant. They would not be able to shut these systems down due to low use of the system or even if the property was vacant. Instead, they would be responsible for the ownership and operation of their own systems and, for small wastewater treatment plants, would be left paying for costs to clean up if the system failed.

Creating a new system is cost prohibitive and is only undertaken when a township has no other choice and must provide clean water to its residents or when on-lot septic systems are failing in a community and the soil is no longer able to filter the waste. Townships undertake these projects at the direction of the Department of Environmental Protection, usually as a mandate, and substantial debt is incurred due to the cost of creating and these systems and complying with environmental mandates. In many cases, the township creates an authority to operate these systems and the debt and assets are transferred to the authority.

While we appreciate the sponsor's attempts to create a more fair rate system for owners of rental properties, due to the inherent complexity of these systems and the concerns raised above, we must respectfully oppose HB 1563.

I will be available for questions at the end of the hearing and am happy to discuss these concerns at any time.