

**Senate Local Government Committee
Public Hearing on HB 1563 P.N. 2128**

July 14, 2020

Testimony of:

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Good morning Chairman Martin, Chairman Kearney and members of the Senate Local Government Committee. Thank you for your invitation to provide testimony on HB 1563 P.N. 2128.

We are testifying on behalf of the Pennsylvania Municipal Authorities Association (PMAA) which represents over 700 municipal authorities across the Commonwealth, the vast majority of which provide drinking water and wastewater treatment services to more than six million of its citizens.

PMAA opposes HB 1563 P.N. 2128 amending Title 53, Chapter 56 (Municipal Authorities). The bill allows an owner of a multiple unit property to request a rate study if a single meter serves that property. It is common practice for authorities to engage a consultant with recognized expertise in rate making to conduct a cost of service study across all customer sectors (residential, commercial, industrial, etc.) within their service area when establishing rates. These authority cost of service studies are not conducted solely by request from an individual property owner.

Additionally, it is also important to note that under the Municipality Authorities Act (Act), authority rates must be “reasonable and uniform.” Moreover, the Act specifies that the recourse for any person challenging the authority’s rates is an action in the Court of Common Pleas.

Below are some of PMAA’s comments on HB 1563 P.N. 2128:

- HB 1563 P.N. 2128 may not be legal under the Act for reasons such as the Act’s requirement that an authority’s rates be “reasonable and uniform.” Of note, authority rates as prescribed in the Act have been upheld (*see Chicora Commons Limited Partnership, LLP v. Chicora Borough Sewer Authority*, 922 A.2d 986 (PA.CmwltH. 2007)).
- HB 1563 P.N. 2128 ignores the exclusive jurisdiction of the Court of Common Pleas to determine questions or issues involving an authority’s rates or service.
- HB 1563 P.N. 2128 could require numerous individually requested rate studies placing an administrative and financial burden on any authority regardless of size.
- HB 1563 P.N. 2128 assumes consumption data is available to every authority.

- HB 1563 P.N. 2128 is vague. It is unclear who will pay for the rate study, the authority or the property owner? How would the study capture accurate usage for vacant units that become occupied post study?

Finally, it is important to note that most authority costs are generally fixed. Employee salaries, benefits, insurance, mortgages, loans and other similar costs do not change from month to month as opposed to the variability of water and sewer usage. Consumption should not be the sole basis for challenging an authority rate structure.

Thank you for the opportunity to testify today. We are happy to answer any questions.