Pennsylvania American Water Completes Acquisition of the Butler Area Sewer Authority Wastewater System

MECHANICSBURG, Pa. (Oct. 29, 2024) – Pennsylvania American Water, a subsidiary of American Water (NYSE: AWK), announced today that it completed the purchase of the Butler Area Sewer Authority (BASA) wastewater system for $230 million. The newly acquired wastewater system in Butler County serves more than 15,000 customer connections across 32.5 square miles, including the City of Butler; parts of East Butler Borough; and portions of Butler, Center, Connoquenessing, Summit and Oakland Townships.

“Pennsylvania American Water is proud to continue building our solid legacy of operation in Butler County through this acquisition of the BASA system, which will provide clean, safe and reliable service that protects public health and the environment,” said Pennsylvania American Water President Justin Ladner. “We are committed to continuing our role as a valuable community partner, utilizing our infrastructure investments, technical expertise and decades of experience in managing wastewater.”

Pennsylvania American Water plans to invest more than $75 million during the next five years to upgrade the BASA wastewater treatment and collection systems. These upgrades include replacing pump stations, improving electrical safety and treatment procedures, conducting systemwide assessments and inspections and cleaning and rehabilitating sewer collection mains and manholes.

In addition to the system investments above, Pennsylvania American Water will nearly double the shareholder contribution to its hardship grant program, increasing the fund by $3.5 million over five years. Also, Pennsylvania American Water’s commercial customers can now access a payment arrangement program previously limited to residential customers.

“This has been a monumental effort by so many partners who worked tirelessly to get this deal across the finish line,” Butler Mayor Robert Dandoy said. “Now, we can finally get down to work on investing the proceeds in a way that brings transformational changes to our communities and benefits our residents for years to come. Pennsylvania American Water has been such a trusted partner throughout this process, and we look forward to all the incredible things to come as the result of this landmark agreement with them.”

In October 2022, BASA agreed to sell its wastewater system to Pennsylvania American Water. The Authority deemed the sale essential to improving the system's infrastructure and removing its burden of meeting increasingly stringent environmental standards and regulations. Proceeds from the sale are expected to be used by BASA to eliminate the Authority's existing $49 million debt and liabilities.

“This is an exciting time,” said Butler Township President Commissioner James Lokhaiser Jr. “It’s not often that you’re presented with such an amazing opportunity like this one. We are so grateful to the residents who engaged with us and shared their ideas to ensure we got the best deal possible. I also cannot say enough about Pennsylvania American Water’s commitment and willingness to work with every single stakeholder to make sure everyone was fully informed about how this transition will work. This is the start of something new and big for our communities.”

The Pennsylvania Public Utility Commission (PUC) approved the purchase on Nov. 9, 2023, following a settlement with interested stakeholders. The PUC regulates, reviews and approves rates and rules and regulations, and any future changes to rates would have to be reviewed and approved by the Commission. Pennsylvania American Water will maintain current wastewater rates for at least one year. Customers will eventually transition from flat rate billing to usage-based billing, which is calculated on the water consumed as measured by the water meter.

“This settlement marks a significant milestone and much-needed relief for small businesses with the establishment of the first-ever formal commercial customer payment arrangement with Pennsylvania American Water,” said Pennsylvania Small Business Advocate NazAarah Sabree. “Implementing this program will help reduce the financial pressures small businesses experience due to increased utility expenses. With these

structured plans, we are empowering small businesses to manage their financial commitments while continuing to thrive. Thank you to Pennsylvania American Water for understanding these businesses' vital role and for your commitment to supporting their success."

Approximately 30 BASA employees have been offered employment with Pennsylvania American Water, subject to standard pre-employment screening. These employees gain immediate access to training, development and career opportunities in Pennsylvania American Water's or its parent company's operations.

With today's acquisition, Pennsylvania American Water is the wastewater service provider for more than 113,000 customer connections across the Commonwealth.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Pennsylvania American Water

Pennsylvania American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

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