



Opinion



# As Pa. municipalities sell water systems to for-profit companies, consumers are left paying the price | Editorial

It is irresponsible for local governments to peddle these valuable public assets and leave customers at the mercy of businesses who are all but guaranteed to jack up their bills.



Kara Raymond, of Doylestown, holds a "Stop the Sewer Sale" pamphlet during an open house question-and-answer session held by the Bucks County Water and Sewer Authority in Perkasi... TYGER WILLIAMS / Staff Photographer

by The Editorial Board  
Updated Aug 18, 2022

Years ago, former Gov. Ed Rendell floated a [proposal](#) to lease the Pennsylvania Turnpike to a private company. It was a [bad idea](#) that fortunately did not gain traction and [fizzled](#) out.

Now, an even worse idea is taking hold in towns across the state: selling off public water and sewer systems to for-profit companies. It does not take a financial wizard to figure out that this will not end well for

consumers. But that has not stopped local governments from moving forward with what can only be described as an irresponsible sale of a valuable public asset



---

the mercy of a profit-driven company that is all but guaranteed to jack up customers' bills in the coming years.

In fact, the deal is crafted in a way to buy elected officials time before the public realizes what hit them. American Water can't raise rates for three years. But after that, rates can go up by nearly 50%.

ADVERTISEMENT

In return, York gets a one-time cash windfall that it plans to use to close a budget gap, while also freeing itself from the future maintenance of its water system. But the short-term gain will result in long-term pain for customers. That has not stopped other local municipalities from turning a quick buck.

Bucks County is [pushing](#) to sell its public sewer system to Aqua Pennsylvania for \$1.1 billion. If approved, residents in Bucks County will see their bills jump from an average monthly rate of \$48 to \$88. But unlike York County, where rates were frozen for three years, Bucks County residents can expect the price hikes to kick in after a year.

» **[READ MORE: Consumer Advocate sues to overturn Aqua Pa. takeover of Chesco town's sewer system](#)**

In other Pennsylvania towns that sold off their water and sewer systems, the bills are already coming due. Five towns where Aqua recently purchased municipal water systems were hit with the following percentage [rate hikes](#) based on households using 4,000 gallons a month: Limerick Township up 98%; New Garden up 90%; East Norriton up 73%; Cheltenham up 69%; and East Bradford up 47%.

ADVERTISEMENT



---

By comparison, residential customers in Philadelphia, where the city owns the water department, pay about [half as much](#) as suburban customers of for-profit water companies.

Residents saddled with hefty water and sewer bill increases can [thank lawmakers](#) in Harrisburg for unleashing the [frenzy](#) of for-profit water companies buying up local systems. In 2016, late State Rep. Robert Godshall sponsored [Act 12](#), which allowed for-profit companies to charge customers the appraised fair-market value of the acquired system rather than the lower depreciated cost. After the measure passed the House and Senate, Gov. Tom Wolf signed it into law.

Beyond the giant price hikes, the sale of a public asset to for-profit companies raises other [red flags](#). Local municipalities are not required to conduct the sales in public, opening the door for backroom negotiations where ratepayers have no input.

More problematic, the for-profit utilities are beholden to shareholders, have higher borrowing costs than public municipalities, and have to pay taxes. That all translates into higher costs for consumers. The sale to for-profit companies also leaves the water systems [vulnerable](#) to job cuts, a [reduction](#) in water quality, and poor customer service as companies cut costs to goose profits.

» [READ MORE: Proposed \\$1.1 billion sale of Bucks sewer system to Aqua Pa. draws a crowd at first 'open house'](#)

In other states that sold off municipal water and sewer systems, towns have come to [rue](#) it. Mooresville, Ind., tried to buy back its water system from American Water after residents grew frustrated with the exorbitant rate hikes. But the court-approved price was more than twice what the city was willing to pay. Fort Wayne, Ind., spent 13 years in a protracted legal battle before it was able to buy back its water system from Aqua America.

Local governments should say no to the fast bucks being waved around for municipal water and sewer systems. Any cash taken in up-front will only result in rate hikes and regrets later on.

Published Aug. 18, 2022



The Inquirer Editorial Board

This opinion was written by a group of journalists who work separately from the newsroom to debate matters of public interest.



ADVERTISEMENT

**About Us**

- About The Inquirer
- Advertise
- Contact Us
- Licensing & Permissions
- Photo Reprints
- Newspapers in Education
- Jobs & Internships
- Inquirer Events
- Acel Moore Workshops
- Newsroom Staff

**News & Info**

- News
- Sports
- Entertainment
- Business
- Health
- Food
- Life
- Opinion
- Archives
- Special Reports

**Marketplace**

- Inquirer Store
- Job Listings
- All Classifieds
- Death Notices
- Legal Notices
- Gift Subscriptions

**e-Editions**

- The Inquirer
- The Daily News
- Subscriber Services

**Mobile Apps**

- Apple iOS
- Google Android

© 2022 The Philadelphia Inquirer, LLC  
 Terms of Use / Privacy Policy / Cancellation Policy / California Notice  
 California residents do not sell my data request

