

**Senate Democratic Policy Committee**

**Public Hearing on *Reining in Water Rates: The Unintended Consequences of Act 12 of 2016***

**January 22, 2024**

**Testimony of:**

**Anthony Bellitto, Executive Director, North Penn Water Authority**

Good afternoon, Chairwoman Muth, Senators Comitta, Kane, Kearney, and Schwank as well as other members of the Senate Democratic Policy Committee. Thank you for your invitation to provide testimony on *Reining in Water Rates: The Unintended Consequences of Act 12 of 2016*.

My name is Tony Bellitto, and I am the Executive Director of the North Penn Water Authority (NPWA), a position I have held since 1998. I have worked in a variety of technical and management capacities in the water field for the past 38 years. NPWA provides water to more than 35,000 customers in Bucks and Montgomery Counties.

Today, I am 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 citizens. If you live in Pennsylvania, you are likely within the service area of at least one authority. In addition, PMAA has over 500 associate members, such as certified public accountants, engineers, and solicitors, who provide services to authorities.

I am a past president of the Authorities Association. Also, I have served as Region 1 director and assistant director as well as been active on several PMAA committees over the years.

To provide some background, an authority, by virtue of the Municipality Authorities Act (MAA), is an alternate vehicle for accomplishing public purposes rather than through direct action of local governments, such as

boroughs, cities, and townships. Municipal authorities may provide services to the community and finance its services by means of user fees. Authorities also commonly serve more than one municipality and in so doing provide operational efficiencies and economies of scale by serving beyond political boundaries. Irrespective of how many communities they serve, the mission of municipal authorities is to provide excellent quality, reliable, and safe services at an affordable cost to the customers of their local community, whether that be large or small. Furthermore, the operation of authority projects and services does not compete with other traditional components and associated costs of local government. To reiterate, for these reasons, the authority model is perfectly suited for providing services on a regional level.

To bolster this viewpoint, it is important to understand the governing structure of a municipal authority. Authorities can be created by any county, borough, city, or township, functioning singly or jointly with one or more other local governments. Once created, the authority manages all aspects of the authority's operation, freeing the municipality of these critical and complex responsibilities. Authorities are governed by a municipally appointed board of directors, and authority meetings are conducted in public, complying with the open meeting requirements of the Sunshine Act. It is also important to note that in the MAA, an authority cannot "duplicate or compete with existing enterprises serving substantially the same purposes." These features ensure that authorities act in a transparent manner, separated from local political influences, but governed locally with full public access, and operate only in the best interests of the communities they serve.

Aside from the MAA, municipal authorities are governed and regulated under numerous other state and federal laws including, but not limited to:

- Safe Drinking Water Act
- Clean Water Act
- Clean Streams Law
- Sewage Facilities Act
- Plumbing System Lead Ban and Notification Act
- Terrorism Infrastructure Disclosure Protection Act
- Public Health Security and Bioterrorism Preparedness and Response Act
- Water Resources Planning Act
- Underground Utility Line Protection Law (PA One Call)
- Water and Wastewater Systems Operators' Certification Act
- Storage Tank and Spill Prevention Act

- Construction Code Act
- Municipalities Planning Code
- Procurement Code
- Prevailing Wage Act
- Separations Act
- Public Official and Employee Ethics Law
- Public Employee Relations Act
- Right-to-Know Law
- Sunshine Act
- Municipal Records Act
- Intergovernmental Cooperation Act

In addition to state and federal laws, authorities must meet all current regulatory requirements as well as plan, prepare, and budget for future requirements once identified by state and federal agencies.

In 2016, the Pennsylvania General Assembly passed Act 12 which added Section 1329 to Title 66 (Public Utilities). Section 1329 established a system called “fair market value” for the acquisition of municipal water and wastewater systems by investor-owned utilities. Act 12 contained no provisions that provided for any limitations on municipal acquisitions. As a result, “fair market value” allows for both negotiating parties to increase the purchase price as high as possible. To date, almost all approved acquisitions far exceeded the net original cost of the system. As these acquisitions continue under Section 1329, the most prevalent impact to Pennsylvania ratepayers is increased rates.

It is important to note that Section 1327, the previously and still used acquisition section of the law, includes a provision for acquisitions above depreciated cost. Key features in Section 1327 are protections from rate increases to existing customers, burden of proof of distress on the investor-owned utility, and statutory amortization of purchase price in excess of depreciated cost. Under Section 1329, for-profit utilities can presumably keep these high purchase prices in their rate base forever. As a result, there has been a shift from acquisitions of distressed systems to those systems that are well funded and have excellent system integrity.

To sum this up, before Act 12 of 2016, for-profit utilities could only purchase distressed municipal systems at depreciated book value. Now for-profit utilities can target well run, financially sound systems at inflated prices. These inflated prices are passed directly on to their customers as higher rates (see attached *Rate*

*Comparisons*). **Rates will only continue to rise, impacting generations to come, with no quantifiable benefit. As such, any tightening or further restrictions to Act 12 in order to protect ratepayers is a step in the right direction.** To underscore our support for these initiatives, PMAA adopted the following resolutions as part of its 2024 advocacy platform:

***Resolution 1-24***

*RESOLVED, That PMAA support legislation repealing Act 12 of 2016, predatory pricing legislation (also erroneously know as “Fair Market Value”) of water and wastewater systems.*

***Resolution 2-24***

*RESOLVED, That PMAA support legislation reforming Act 12 of 2016, including but not limited to, ratepayer approval prior to the sale of a municipal authority to any for-profit entity, a transparent acquisition process, revised public benefit determination, and Independent Fiscal Office analysis.*

***Resolution 5-24***

*RESOLVED, That PMAA support efforts to preserve public ownership of infrastructure by educating the ratepayer and the public about the benefits of publicly owned infrastructure, including delivering affordable, safe, and quality service, and ensuring the community understands the vital importance of public ownership of its natural resource, a basic human right.*

In conclusion, it is PMAA’s position that ownership and control of water and wastewater systems should remain local. Customers served by municipal authorities experience higher quality service at affordable rates and assurance of local accountability for financial and investment decisions. Every single rate dollar is reinvested in the system that serves the local community. Customers know that their money is being reinvested in a system they own. On behalf of the PMAA membership, I respectfully ask that you repeal Act 12 of 2016.

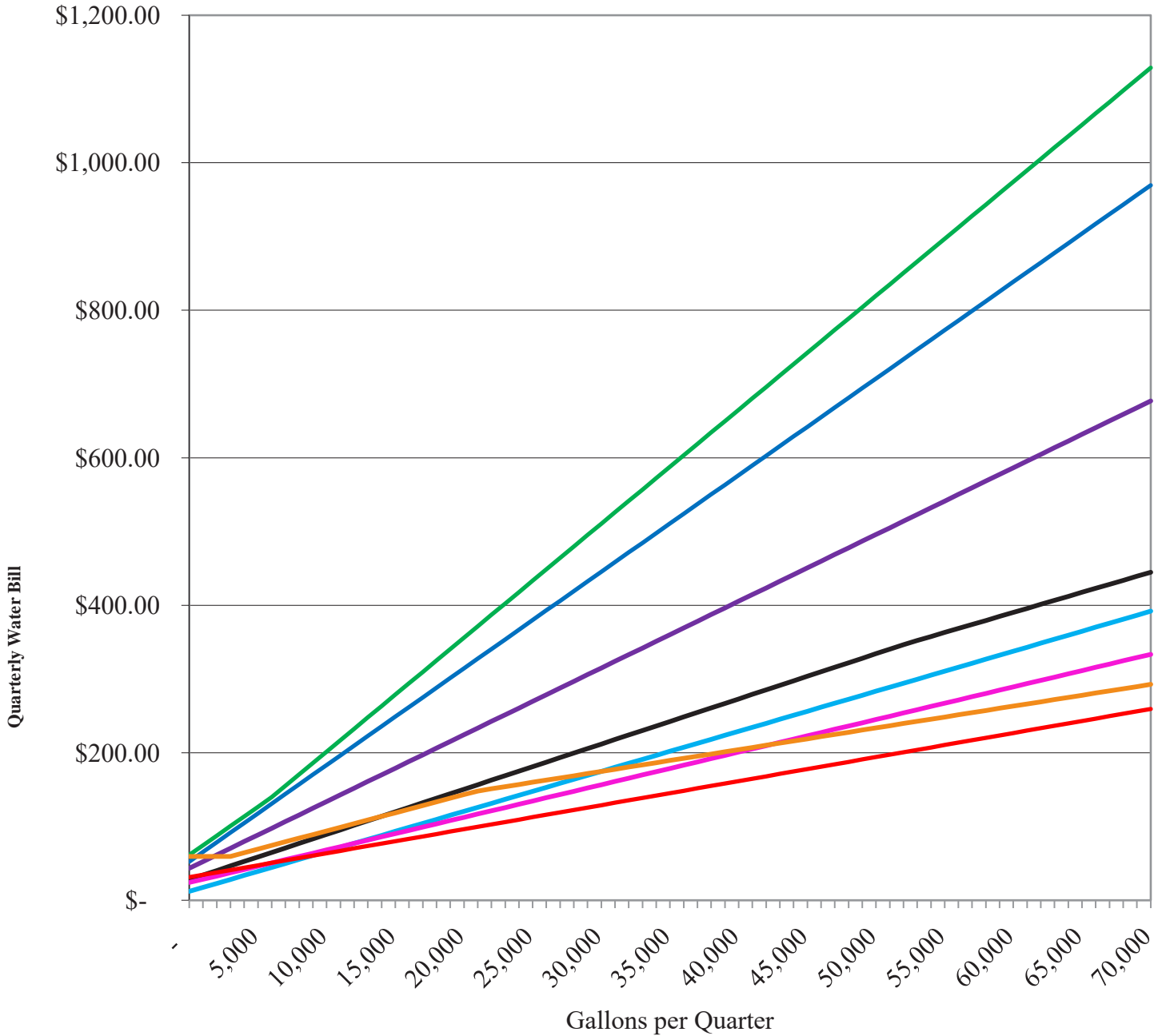
Again, thank you for the opportunity to testify before you today. I am happy to answer any questions.



## **RATE COMPARISONS**

*Statewide rate comparisons show that private investor-owned utility water rates are significantly higher than public authority rates.*

# Comparison of Quarterly Water Bills of Residential Customers



- Private
  - Pennsylvania-American Water Company (Rate Zone 1) 5/8" & 3/4" meters
  - AQUA Pennsylvania Water (Rate Zones 1&2) 5/8" meters
  - SUEZ North America 5/8" & 3/4" meters
- Municipal
  - Erie Water Works (EWW) 5/8" meters
  - North Penn Water Authority (NPWA) 5/8" & 3/4" meters
  - St. Marys Area Water Authority (SMAWA)
  - Mifflin County Municipal Authority (MCMA) 5/8" meters
  - Lehigh County Authority (LCA) 5/8" & 3/4" meters

**Comparison of Quarterly Water Bills  
of Residential Customers**

Usage Per Quarter (gallons)	AQUA (1)	PAWC (2)	SUEZ (3)	EWW (4)	LCA (5)	MABL (6)	NPWA (7)	SMAWA (8)
0	\$61.53	\$52.50	\$43.50	\$28.27	\$31.30	\$59.73	\$12.15	\$24.20
1,000	\$74.58	\$65.60	\$52.55	\$34.39	\$34.56	\$59.73	\$17.58	\$28.62
2,000	\$87.63	\$78.70	\$61.60	\$40.51	\$37.82	\$59.73	\$23.00	\$33.04
3,000	\$100.68	\$91.80	\$70.65	\$46.64	\$41.08	\$59.73	\$28.43	\$37.46
4,000	\$113.73	\$104.90	\$79.70	\$52.76	\$44.34	\$64.65	\$33.86	\$41.88
5,000	\$126.78	\$118.00	\$88.76	\$58.88	\$47.60	\$69.57	\$39.29	\$46.30
6,000	\$139.83	\$131.10	\$97.81	\$65.00	\$50.86	\$74.49	\$44.71	\$50.72
7,000	\$155.28	\$144.20	\$106.86	\$71.13	\$54.12	\$79.41	\$50.14	\$55.14
8,000	\$170.73	\$157.30	\$115.91	\$77.25	\$57.38	\$84.33	\$55.57	\$59.56
9,000	\$186.18	\$170.40	\$124.96	\$83.37	\$60.64	\$89.25	\$60.99	\$63.98
10,000	\$201.63	\$183.50	\$134.01	\$89.49	\$63.90	\$94.17	\$66.42	\$68.40
11,000	\$217.09	\$196.60	\$143.06	\$95.61	\$67.16	\$99.09	\$71.85	\$72.82
12,000	\$232.54	\$209.70	\$152.11	\$101.74	\$70.42	\$104.01	\$77.27	\$77.24
13,000	\$247.99	\$222.80	\$161.16	\$107.86	\$73.68	\$108.93	\$82.70	\$81.66
14,000	\$263.44	\$235.90	\$170.21	\$113.98	\$76.94	\$113.85	\$88.13	\$86.08
15,000	\$278.89	\$249.00	\$179.27	\$120.10	\$80.20	\$118.77	\$93.56	\$90.50
16,000	\$294.34	\$262.10	\$188.32	\$126.22	\$83.46	\$123.69	\$98.98	\$94.92
17,000	\$309.79	\$275.20	\$197.37	\$132.35	\$86.72	\$128.61	\$104.41	\$99.34
18,000	\$325.24	\$288.30	\$206.42	\$138.47	\$89.98	\$133.53	\$109.84	\$103.76
19,000	\$340.69	\$301.40	\$215.47	\$144.59	\$93.24	\$138.45	\$115.26	\$108.18
20,000	\$356.14	\$314.50	\$224.52	\$150.71	\$96.50	\$143.37	\$120.69	\$112.60
21,000	\$371.60	\$327.60	\$233.57	\$156.84	\$99.76	\$148.29	\$126.12	\$117.02
22,000	\$387.05	\$340.70	\$242.62	\$162.96	\$103.02	\$151.24	\$131.55	\$121.44
23,000	\$402.50	\$353.80	\$251.67	\$169.08	\$106.28	\$154.19	\$136.97	\$125.86
24,000	\$417.95	\$366.90	\$260.72	\$175.20	\$109.54	\$157.14	\$142.40	\$130.28
25,000	\$433.40	\$380.00	\$269.78	\$181.32	\$112.80	\$160.09	\$147.83	\$134.70
26,000	\$448.85	\$393.10	\$278.83	\$187.45	\$116.06	\$163.04	\$153.25	\$139.12
27,000	\$464.30	\$406.20	\$287.88	\$193.57	\$119.32	\$165.99	\$158.68	\$143.54
28,000	\$479.75	\$419.30	\$296.93	\$199.69	\$122.58	\$168.94	\$164.11	\$147.96
29,000	\$495.20	\$432.40	\$305.98	\$205.81	\$125.84	\$171.89	\$169.54	\$152.38
30,000	\$510.65	\$445.50	\$315.03	\$211.94	\$129.10	\$174.84	\$174.96	\$156.80
31,000	\$526.11	\$458.60	\$324.08	\$218.06	\$132.36	\$177.79	\$180.39	\$161.22
32,000	\$541.56	\$471.70	\$333.13	\$224.18	\$135.62	\$180.74	\$185.82	\$165.64
33,000	\$557.01	\$484.80	\$342.18	\$230.30	\$138.88	\$183.69	\$191.24	\$170.06
34,000	\$572.46	\$497.90	\$351.23	\$236.42	\$142.14	\$186.64	\$196.67	\$174.48
35,000	\$587.91	\$511.00	\$360.29	\$242.55	\$145.40	\$189.59	\$202.10	\$178.90
36,000	\$603.36	\$524.10	\$369.34	\$248.67	\$148.66	\$192.54	\$207.52	\$183.32
37,000	\$618.81	\$537.20	\$378.39	\$254.79	\$151.92	\$195.49	\$212.95	\$187.74
38,000	\$634.26	\$550.30	\$387.44	\$260.91	\$155.18	\$198.44	\$218.38	\$192.16
39,000	\$649.71	\$563.40	\$396.49	\$267.03	\$158.44	\$201.39	\$223.81	\$196.58
40,000	\$665.16	\$576.50	\$405.54	\$273.16	\$161.70	\$204.34	\$229.23	\$201.00
41,000	\$680.62	\$589.60	\$414.59	\$279.28	\$164.96	\$207.29	\$234.66	\$205.42
42,000	\$696.07	\$602.70	\$423.64	\$285.40	\$168.22	\$210.24	\$240.09	\$209.84
43,000	\$711.52	\$615.80	\$432.69	\$291.52	\$171.48	\$213.19	\$245.51	\$214.26
44,000	\$726.97	\$628.90	\$441.74	\$297.65	\$174.74	\$216.14	\$250.94	\$218.68
45,000	\$742.42	\$642.00	\$450.80	\$303.77	\$178.00	\$219.09	\$256.37	\$223.10

**Comparison of Quarterly Water Bills  
of Residential Customers**

Usage Per Quarter (gallons)	<b>AQUA (1)</b>	<b>PAWC (2)</b>	<b>SUEZ (3)</b>	<b>EWV (4)</b>	<b>LCA (5)</b>	<b>MABL (6)</b>	<b>NPWA (7)</b>	<b>SMAWA (8)</b>
46,000	\$757.87	\$655.10	\$459.85	\$309.89	\$181.26	\$222.04	\$261.80	\$227.52
47,000	\$773.32	\$668.20	\$468.90	\$316.01	\$184.52	\$224.99	\$267.22	\$231.94
48,000	\$788.77	\$681.30	\$477.95	\$322.13	\$187.78	\$227.94	\$272.65	\$236.36
49,000	\$804.22	\$694.40	\$487.00	\$328.26	\$191.04	\$230.89	\$278.08	\$240.78
50,000	\$819.67	\$707.50	\$496.05	\$334.38	\$194.30	\$233.84	\$283.50	\$245.20
51,000	\$835.13	\$720.60	\$505.10	\$340.50	\$197.56	\$236.79	\$288.93	\$249.62
52,000	\$850.58	\$733.70	\$514.15	\$346.62	\$200.82	\$239.74	\$294.36	\$254.04
53,000	\$866.03	\$746.80	\$523.20	\$352.31	\$204.08	\$242.69	\$299.79	\$258.46
54,000	\$881.48	\$759.90	\$532.25	\$357.75	\$207.34	\$245.64	\$305.21	\$262.88
55,000	\$896.93	\$773.00	\$541.31	\$363.19	\$210.60	\$248.59	\$310.64	\$267.30
56,000	\$912.38	\$786.10	\$550.36	\$368.64	\$213.86	\$251.54	\$316.07	\$271.72
57,000	\$927.83	\$799.20	\$559.41	\$374.08	\$217.12	\$254.49	\$321.49	\$276.14
58,000	\$943.28	\$812.30	\$568.46	\$379.52	\$220.38	\$257.44	\$326.92	\$280.56
59,000	\$958.73	\$825.40	\$577.51	\$384.96	\$223.64	\$260.39	\$332.35	\$284.98
60,000	\$974.18	\$838.50	\$586.56	\$390.40	\$226.90	\$263.34	\$337.77	\$289.40
61,000	\$989.64	\$851.60	\$595.61	\$395.84	\$230.16	\$266.29	\$343.20	\$293.82
62,000	\$1,005.09	\$864.70	\$604.66	\$401.28	\$233.42	\$269.24	\$348.63	\$298.24
63,000	\$1,020.54	\$877.80	\$613.71	\$406.72	\$236.68	\$272.19	\$354.06	\$302.66
64,000	\$1,035.99	\$890.90	\$622.76	\$412.16	\$239.94	\$275.14	\$359.48	\$307.08
65,000	\$1,051.44	\$904.00	\$631.82	\$417.60	\$243.20	\$278.09	\$364.91	\$311.50
66,000	\$1,066.89	\$917.10	\$640.87	\$423.04	\$246.46	\$281.04	\$370.34	\$315.92
67,000	\$1,082.34	\$930.20	\$649.92	\$428.48	\$249.72	\$283.99	\$375.76	\$320.34
68,000	\$1,097.79	\$943.30	\$658.97	\$433.92	\$252.98	\$286.94	\$381.19	\$324.76
69,000	\$1,113.24	\$956.40	\$668.02	\$439.36	\$256.24	\$289.89	\$386.62	\$329.18
70,000	\$1,128.69	\$969.50	\$677.07	\$444.80	\$259.50	\$292.84	\$392.05	\$333.60

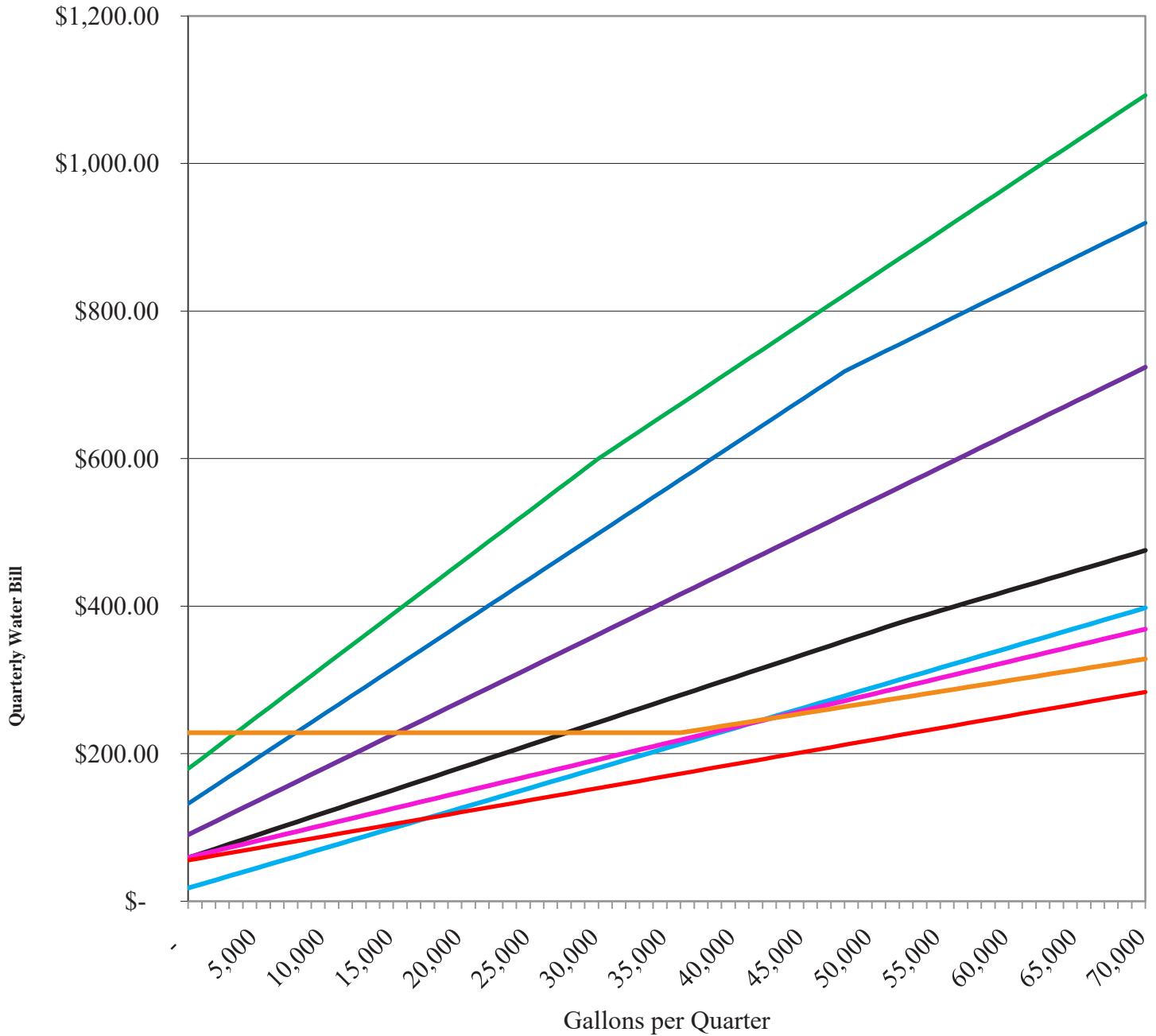
**Present Rates as of March 24, 2022**

1. AQUA Pennsylvania, Inc. - Tariff Water-PA P.U.C. No. 3 - Effective: May 19, 2022
2. Pennsylvania-American Water Company - Supplement No. 33 to Tariff Water-PA P.U.C. No. 5 - Effective: January 1, 2022
3. Suez Water Pennsylvania Inc. - Supplement No. 61 to: Water – Pa. P.U.C. No. 7 - Effective: January 1, 2022
4. Erie Water Works (EWW) - Rates Effective 1/1/2022
5. Lehigh County Authority (LCA) - Rates Effective 1/1/2022
6. Mifflin County Municipal Authority (MCMA) - Rate Resolution 6-2021, Effective 1/1/2022
7. North Penn Water Authority (NPWA) - Rates from website 3/24/2022
8. St. Marys Area Water Authority (SMAWA) - Rates Effective 3/1/2017



# Comparison of Quarterly Water Bills of Commercial Customers

1" Meter



- Private
- Pennsylvania-American Water Company (Rate Zone 1)
- AQUA Pennsylvania Water (Rate Zones 1&2)
- SUEZ North America
- Municipal
- Erie Water Works (EWW)
- North Penn Water Authority (NPWA)
- St. Marys Area Water Authority (SMAWA)
- Mifflin County Municipal Authority (MCMA)
- Lehigh County Authority (LCA)

**Comparison of Quarterly Water Bills  
of Commercial Customers**

1" Meter

Usage Per Quarter (gallons)	<b>AQUA (1)</b>	<b>PAWC (2)</b>	<b>SUEZ (3)</b>	<b>EWV (4)</b>	<b>LCA (5)</b>	<b>MABL (6)</b>	<b>NPWA (7)</b>	<b>SMAWA (8)</b>
0	\$179.40	\$132.30	\$90.15	\$58.87	\$55.48	\$228.18	\$17.79	\$59.40
1,000	\$193.42	\$144.51	\$99.20	\$64.99	\$58.74	\$228.18	\$23.22	\$63.82
2,000	\$207.43	\$156.71	\$108.25	\$71.11	\$62.00	\$228.18	\$28.64	\$68.24
3,000	\$221.45	\$168.92	\$117.30	\$77.24	\$65.26	\$228.18	\$34.07	\$72.66
4,000	\$235.47	\$181.12	\$126.35	\$83.36	\$68.52	\$228.18	\$39.50	\$77.08
5,000	\$249.49	\$193.33	\$135.41	\$89.48	\$71.78	\$228.18	\$44.93	\$81.50
6,000	\$263.50	\$205.53	\$144.46	\$95.60	\$75.04	\$228.18	\$50.35	\$85.92
7,000	\$277.52	\$217.74	\$153.51	\$101.73	\$78.30	\$228.18	\$55.78	\$90.34
8,000	\$291.54	\$229.94	\$162.56	\$107.85	\$81.56	\$228.18	\$61.21	\$94.76
9,000	\$305.55	\$242.15	\$171.61	\$113.97	\$84.82	\$228.18	\$66.63	\$99.18
10,000	\$319.57	\$254.35	\$180.66	\$120.09	\$88.08	\$228.18	\$72.06	\$103.60
11,000	\$333.59	\$266.56	\$189.71	\$126.21	\$91.34	\$228.18	\$77.49	\$108.02
12,000	\$347.60	\$278.76	\$198.76	\$132.34	\$94.60	\$228.18	\$82.91	\$112.44
13,000	\$361.62	\$290.97	\$207.81	\$138.46	\$97.86	\$228.18	\$88.34	\$116.86
14,000	\$375.64	\$303.17	\$216.86	\$144.58	\$101.12	\$228.18	\$93.77	\$121.28
15,000	\$389.66	\$315.38	\$225.92	\$150.70	\$104.38	\$228.18	\$99.20	\$125.70
16,000	\$403.67	\$327.58	\$234.97	\$156.82	\$107.64	\$228.18	\$104.62	\$130.12
17,000	\$417.69	\$339.79	\$244.02	\$162.95	\$110.90	\$228.18	\$110.05	\$134.54
18,000	\$431.71	\$351.99	\$253.07	\$169.07	\$114.16	\$228.18	\$115.48	\$138.96
19,000	\$445.72	\$364.20	\$262.12	\$175.19	\$117.42	\$228.18	\$120.90	\$143.38
20,000	\$459.74	\$376.40	\$271.17	\$181.31	\$120.68	\$228.18	\$126.33	\$147.80
21,000	\$473.76	\$388.61	\$280.22	\$187.44	\$123.94	\$228.18	\$131.76	\$152.22
22,000	\$487.77	\$400.81	\$289.27	\$193.56	\$127.20	\$228.18	\$137.19	\$156.64
23,000	\$501.79	\$413.02	\$298.32	\$199.68	\$130.46	\$228.18	\$142.61	\$161.06
24,000	\$515.81	\$425.22	\$307.37	\$205.80	\$133.72	\$228.18	\$148.04	\$165.48
25,000	\$529.83	\$437.43	\$316.43	\$211.92	\$136.98	\$228.18	\$153.47	\$169.90
26,000	\$543.84	\$449.63	\$325.48	\$218.05	\$140.24	\$228.18	\$158.89	\$174.32
27,000	\$557.86	\$461.84	\$334.53	\$224.17	\$143.50	\$228.18	\$164.32	\$178.74
28,000	\$571.88	\$474.04	\$343.58	\$230.29	\$146.76	\$228.18	\$169.75	\$183.16
29,000	\$585.89	\$486.25	\$352.63	\$236.41	\$150.02	\$228.18	\$175.18	\$187.58
30,000	\$599.91	\$498.45	\$361.68	\$242.54	\$153.28	\$228.18	\$180.60	\$192.00
31,000	\$612.23	\$510.66	\$370.73	\$248.66	\$156.54	\$228.18	\$186.03	\$196.42
32,000	\$624.54	\$522.86	\$379.78	\$254.78	\$159.80	\$228.18	\$191.46	\$200.84
33,000	\$636.86	\$535.07	\$388.83	\$260.90	\$163.06	\$228.18	\$196.88	\$205.26
34,000	\$649.17	\$547.27	\$397.88	\$267.02	\$166.32	\$228.18	\$202.31	\$209.68
35,000	\$661.49	\$559.48	\$406.94	\$273.15	\$169.58	\$228.18	\$207.74	\$214.10
36,000	\$673.80	\$571.68	\$415.99	\$279.27	\$172.84	\$228.18	\$213.16	\$218.52
37,000	\$686.12	\$583.89	\$425.04	\$285.39	\$176.10	\$231.13	\$218.59	\$222.94
38,000	\$698.43	\$596.09	\$434.09	\$291.51	\$179.36	\$234.08	\$224.02	\$227.36
39,000	\$710.75	\$608.30	\$443.14	\$297.63	\$182.62	\$237.03	\$229.45	\$231.78
40,000	\$723.06	\$620.50	\$452.19	\$303.76	\$185.88	\$239.98	\$234.87	\$236.20
41,000	\$735.38	\$632.71	\$461.24	\$309.88	\$189.14	\$242.93	\$240.30	\$240.62
42,000	\$747.69	\$644.91	\$470.29	\$316.00	\$192.40	\$245.88	\$245.73	\$245.04
43,000	\$760.01	\$657.12	\$479.34	\$322.12	\$195.66	\$248.83	\$251.15	\$249.46
44,000	\$772.32	\$669.32	\$488.39	\$328.25	\$198.92	\$251.78	\$256.58	\$253.88
45,000	\$784.64	\$681.53	\$497.45	\$334.37	\$202.18	\$254.73	\$262.01	\$258.30

**Comparison of Quarterly Water Bills  
of Commercial Customers**

1" Meter

Usage Per Quarter (gallons)	AQUA (1)	PAWC (2)	SUEZ (3)	EWW (4)	LCA (5)	MABL (6)	NPWA (7)	SMAWA (8)
46,000	\$796.95	\$693.73	\$506.50	\$340.49	\$205.44	\$257.68	\$267.44	\$262.72
47,000	\$809.27	\$705.94	\$515.55	\$346.61	\$208.70	\$260.63	\$272.86	\$267.14
48,000	\$821.58	\$718.14	\$524.60	\$352.73	\$211.96	\$263.58	\$278.29	\$271.56
49,000	\$833.90	\$727.29	\$533.65	\$358.86	\$215.22	\$266.53	\$283.72	\$275.98
50,000	\$846.21	\$736.45	\$542.70	\$364.98	\$218.48	\$269.48	\$289.14	\$280.40
51,000	\$858.53	\$745.60	\$551.75	\$371.10	\$221.74	\$272.43	\$294.57	\$284.82
52,000	\$870.84	\$754.75	\$560.80	\$377.22	\$225.00	\$275.38	\$300.00	\$289.24
53,000	\$883.16	\$763.91	\$569.85	\$382.91	\$228.26	\$278.33	\$305.43	\$293.66
54,000	\$895.47	\$773.06	\$578.90	\$388.35	\$231.52	\$281.28	\$310.85	\$298.08
55,000	\$907.79	\$782.21	\$587.96	\$393.79	\$234.78	\$284.23	\$316.28	\$302.50
56,000	\$920.10	\$791.36	\$597.01	\$399.24	\$238.04	\$287.18	\$321.71	\$306.92
57,000	\$932.42	\$800.52	\$606.06	\$404.68	\$241.30	\$290.13	\$327.13	\$311.34
58,000	\$944.73	\$809.67	\$615.11	\$410.12	\$244.56	\$293.08	\$332.56	\$315.76
59,000	\$957.05	\$818.82	\$624.16	\$415.56	\$247.82	\$296.03	\$337.99	\$320.18
60,000	\$969.36	\$827.98	\$633.21	\$421.00	\$251.08	\$298.98	\$343.41	\$324.60
61,000	\$981.68	\$837.13	\$642.26	\$426.44	\$254.34	\$301.93	\$348.84	\$329.02
62,000	\$993.99	\$846.28	\$651.31	\$431.88	\$257.60	\$304.88	\$354.27	\$333.44
63,000	\$1,006.31	\$855.44	\$660.36	\$437.32	\$260.86	\$307.83	\$359.70	\$337.86
64,000	\$1,018.62	\$864.59	\$669.41	\$442.76	\$264.12	\$310.78	\$365.12	\$342.28
65,000	\$1,030.94	\$873.74	\$678.47	\$448.20	\$267.38	\$313.73	\$370.55	\$346.70
66,000	\$1,043.25	\$882.89	\$687.52	\$453.64	\$270.64	\$316.68	\$375.98	\$351.12
67,000	\$1,055.57	\$892.05	\$696.57	\$459.08	\$273.90	\$319.63	\$381.40	\$355.54
68,000	\$1,067.88	\$901.20	\$705.62	\$464.52	\$277.16	\$322.58	\$386.83	\$359.96
69,000	\$1,080.20	\$910.35	\$714.67	\$469.96	\$280.42	\$325.53	\$392.26	\$364.38
70,000	\$1,092.51	\$919.51	\$723.72	\$475.40	\$283.68	\$328.48	\$397.69	\$368.80

**Present Rates as of March 24, 2022**

1. AQUA Pennsylvania, Inc. - Tariff Water-PA P.U.C. No. 3 - Effective: May 19, 2022
2. Pennsylvania-American Water Company - Supplement No. 33 to Tariff Water-PA P.U.C. No. 5 - Effective: January 1, 2022
3. Suez Water Pennsylvania Inc. - Supplement No. 61 to: Water – Pa. P.U.C. No. 7 - Effective: January 1, 2022
4. Erie Water Works (EWW) - Rates Effective 1/1/2022
5. Lehigh County Authority (LCA) - Rates Effective 1/1/2022
6. Mifflin County Municipal Authority (MCMA) - Rate Resolution 6-2021, Effective 1/1/2022
7. North Penn Water Authority (NPWA) - Rates from website 3/24/2022
8. St. Marys Area Water Authority (SMAWA) - Rates Effective 3/1/2017

# USER RATES ARE NOT THE ONLY FACTOR

by David Busch  
Keystone Alliance Consulting

The rate comparisons reflect the same eight water systems presented in 2018 in the “Proud History Bright Future” publication. The takeaway from this and the 2018 analysis on the surface could be that the three private utilities have higher rates for both residential and commercial customers. This is a true statement, but regarding the topic of privatization it is only one of many factors that are critical to the discussion. User rates are a critical part of any utilities operation. They provide the funds that make most of what your system does possible.

Utility rates are important to our customers as well, so as a result rates often receive an inappropriate amount of our time and concern. Municipally owned utilities focus on the long-term sustainability of their operations to insure the long-term benefits to our customers. Municipally owned utilities benefit from a number of advantages over the private sector that help keep our rates lower over time. A few of these advantages are as follows:

The vast majority of the revenues collected by municipally run or municipal authority utilities stay in the communities that they serve. This is because the staff members often live in the areas they serve. Municipal and municipal authority systems have no stockholders or corporate profits to worry about so 100 percent of the revenues from a municipally run or municipal authority utility are used to pay for system operations and capital assets in the community where the revenue is generated.

Municipal authorities’ operations are tax exempt from state sales taxes. Property owned by an authority is tax adverse, meaning that an authority may apply and generally it is granted that no tax will be charged on property that is used in the operation of the authority.

Because a municipal entity is smaller than a private utility company, the efforts and cost of operations are more focused on the customers and there is a stronger link between the customers served and the revenue generated by those customers. Large private utilities often subsidize operations in one community with the revenues from another. The limited number of rate zones shown in the tariffs of a private utility firms pool the revenues and expenses from many communities together. As a result, there is a greater separation between the cost of operation and the rates charged to individual customers.

All user rates imposed by a municipal authority are done so by the authority board at a public meeting held in the community they serve. User rates of all private utilities are approved by the Pennsylvania Public Utility Commission (PUC). The PUC process may include public hearings, but are held mostly in Harrisburg.

# RATE COMPARISONS – WHAT’S TRUE AND WHAT’S SPIN?

*by Anthony J. Bellitto, Jr., P.E., Executive Director  
North Penn Water Authority*

**M**unicipal Authorities will always charge lower rates to their customers for water and sewer services because they are non-profit. Customers of private, for-profit water and sewer utilities will always pay more. This difference in costs charged to the customers is well documented with actual data comparisons in numerous cases in Pennsylvania and across the nation.

The big private utility companies, like Aqua, certainly know that they are the higher cost alternative, so they don’t even try to argue the point. Instead, they put their own misleading spin on this by claiming that publicly owned systems have rates that are “artificially low” because they are falling apart and not investing in the necessary improvements to their system infrastructure. They claim that the lower rates put the public at risk of receiving poor water quality and unreliable service, and that only the privatization of those public systems will provide the necessary capital funding for infrastructure improvements. However, it is important to note that this is a false narrative and nobody should be fooled by such misinformation. It’s fake news, and it can easily be proven as such.

It all comes down to the track record of operational performance. All water and sewer systems – both public and private – must meet the same very strict standards and regulations set by the state and federal governments. These standards relate to water quality, chlorine residuals, pressure requirements, discharge limits, environmental protections, and dependable service, among

other criteria. If these strict standards are not met every day, the system would receive violation notifications or would have to mobilize emergency repairs or issue boil water alerts or tell their customers to not drink the water. How often, and how widespread, these problems occur is a tangible measure of the health and well-being of the water or sewer system. The occurrence of these operational problems – and the number of customers impacted – is a matter of public record. If a publicly-owned system has numerous and frequent problems and system disruptions, then perhaps its operations are so distressed that privatization could help resolve those issues.

However, the recent aggressive efforts for privatization have instead targeted municipal systems that are not distressed. They are going after the large, well-managed, and financially stable municipal systems, which have a track record of excellent, high-quality reliable service. So, in these cases a private company would provide no better service than the customers are currently receiving. Top management at those private utilities spin a narrative in their public statements that their operational performance is so much better than the publicly-owned systems. But this posture is not supported by the evidence.

There are plenty of examples of situations in which privately owned systems have numerous and widespread service disruptions and boil water advisories related to water main breaks, power failures, equipment

breakdowns, and treatment plant interruptions. The private utilities are not as “bullet-proof” as they claim to be, and the municipal systems are not poorly operated as they assert. A side-by-side comparison of actual operational performance records is a welcome way to validate whether the customers are being served better by private or public systems.

In actuality, the reason that the private companies charge so much higher rates than municipal systems is three-fold: first, it’s because costs are spread over a very wide customer base, so customers living in one geographic region have to contribute to paying for infrastructure improvements in other distant areas in which they receive no benefit; second, it’s because the for-profit business model requires that the company pay a dividend to their shareholders; and, third, they pay exorbitantly high salaries, bonuses, and stock options to their upper management, when compared to the more modest financial compensation received by employees of publicly owned systems.

When municipal authorities operate better, cheaper, and more reliably, they provide a far superior value to their customers and there is no benefit to privatizing. This is all a matter of public record that is easily documented. Let the facts speak for themselves, instead of the spin we hear far too often. Bottom line – the truth is that when the top management at Aqua and other private utilities take aggressive steps to privatize a municipal system, the end result is that those individuals promoting the takeover will be personally enriched financially by the transaction, while the customers are left holding the bag, forced to pay much higher costs forever into the future. This is not in the best long-term interests of the customers, and therefore should be strenuously opposed.