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NEWS

With sale off table, Bucks County Water and Sewer Authority preps for \$210M in repairs, rate hikes



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The Bucks County Water and Sewer Authority Board voted unanimously Wednesday to reject the sale of its sewer system to Aqua Pennsylvania Wastewater Inc.

The vote concludes a tumultuous almost two years of negotiations with the private utility company that had offered to pay \$1.1 billion for the asset. The proposal, which would have netted Bucks County more than \$700 million, ran into stiff opposition from ratepayers and some of the municipalities it serves over fears that the private company would raise sewer service rates substantially to benefit its stockholders.

Immediately after the vote was taken, the board voted to begin the process to raise \$210 million through the first of three bond issues.

Payment of the first bond issue will raise the BCWSA retail sewer customers' rates by 10% over the next three years. The rate increase to wholesale customers overall will be about 16%, but that will be divided by the wholesale customers so that individual families who are their customers will pay about 4 to 5% more for sewer service, said Benjamin Jones, BCWSA president and CEO.

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The bond issues are needed to fund the repairs on leaking sewer pipes and equipment “that are critical to protect our environment and waterways” as well as to provide for necessary services, to schools, hospitals, businesses and residences.

Jones said that a very large and expensive Neshaminy Interceptor pipe that takes raw sewage from all the municipalities that the BCWSA serves in Lower Bucks County to Philadelphia for

sewage treatment is among those that need to be replaced.

Protests over the proposed sale began in earnest this summer after the deal was publicly announced. Among those protesting were the North Penn and North Wales water authorities that announced that if Aqua planned to take over the BCWSA's water system, to which they supply treated water, they would not supply it water.

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A consortium of municipalities banded together to prepare to fight the sale legally and issued resolutions against the sale, arguing that customers' rates could almost double, but the BCWSA stated at hearings at Bucks County Community College about the proposal that by the time they completed the repairs to the system needed to meet federal and state environmental requirements over the next 10 years, the costs for customers would be similar. Plus, Aqua would be able to repair leaking lateral pipes on private property, something that the BCWSA is not legally allowed to do.

The Bucks County Commissioners announced in early September that they heard residents' concerns clearly and would not support the sale. In one letter sent to the commissioners by Newtown Township, it was pointed out that the Pennsylvania Public Utility Commission had approved a rate increase of 59% for Aqua wastewater customers. Aqua is a subsidiary of Essential Utilities, based in Bryn Mawr, a private utility company serving about 5 million customers in 10 states.

"While I see much potential in adding an estimated billion dollars to the county treasury, I cannot say that I feel comfortable with this transaction," Commissioner Chairman Bob Harvie said at the time.

Christopher Franklin, chairman and CEO of Essential Utilities, said in a statement in early September that while he was surprised and disappointed by the sudden turn of events, "we respect the opinions of the Bucks County elected officials and have offered to remain a resource to them. The professionalism of the staff at the BCWSA was exemplary and we hope to continue those collegial relationships as we work together to solve the water and sewer challenges in our region."

Franklin said Essential continues to find elected officials interested in partnerships across multiple states. "In light of some of the tragic events associated with long-term deferred maintenance in government owned systems across the country, we remain committed to

providing viable solutions to water and sewer utilities.” An Essential spokeswoman said Wednesday the utility stands by this statement.

BCWSA Board Chairman John Cordisco, former chair of the Bucks County Democratic Party, and Board Member Patricia Poprik, chair of the Bucks County Republican Party, attended the meeting remotely.

Cordisco texted after the meeting that "the board and staff of BCWSA did an excellent job with the process. We did the due diligence in a very transparent and professional manner. And provided sufficient information to the commissioners as promised so that they could give guidance on whether to move forward with (the) sale. We respect their position and voted accordingly."

Tom Tosti, a director of the American Federation of State, County and Municipal Employees, who was concerned about BCWSA employees keeping their jobs and about the effect a sale would have on ratepayers, had protested the sale proposal to the BCWSA board, the county commissioners and at several municipalities. He told the BCWSA board Wednesday he was pleased they made their decision based on the needs of the ratepayers rather than the money the authority would receive.

Poprik said in a text after the meeting, "I believe the vote by the board of directors today is very clear. We did listen to the various constituencies and therefore rejected the offer."

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