



## COMBATING PRIVATIZATION (TAKEOVERS) OF MUNICIPAL AUTHORITIES

### WHAT YOU AND YOUR AUTHORITY SHOULD DO . . .

#### Ratepayers/customers

- Educate customers on the value of authority service
- Educate customers on the facts about private investor-owned utilities. Also include that the sale of the authority's assets (the system) generates a one-time cash infusion for the municipality, once spent is gone forever as well as owning the asset. The one-time cash infusion is a LOAN to be paid back by the CUSTOMERS over time.
- Communicate to customers by mailers, authority bills, newsletters, authority website, social media – *Keep the message simple . . .*
  - Rates will increase (double or even triple) in fact, PA American Water Company's average rate base per customer increased from 2016 to 2020 by 54%, Aqua's average rate base per customer increased from 2016 to 2019 by 95%. (The higher the average rate base cost per customer, the higher that rates will need to go to support acquisitions, and the more profits are earned by shareholders).
  - Lose local control and power over your water
  - **No free money** (one-time cash infusion to municipality is a LOAN to be paid back by customers)
    - Guaranteed money for private investor-owned company executives and their shareholders.
- Create a public referendum opposing the sale (of a water or wastewater authority) to a private investor-owned company to be placed on the next election ballot.





### News/Media

- Develop news/media relations
- Write op-ed coming from the authority on the value of authority ownership and service
- Write op-ed coming from business leaders on the value of authority ownership and service
- Write op-ed coming from an authority customer or customers
- Write op-ed coming from local officials

### Relationships/Advocacy

- Educate and meet with the authority's incorporating municipality(ies) and municipalities served on authority value
- Form a customer coalition to be ready to counter any privatization approach
- Form relations / alliances with key businesses, commercial customers (large users) supporting authority ownership
- Educate state representative(s) and senator(s) on the issue by email, call, and/or in person visit
- Reach out to state legislators from your area (consider starting with the majority party in power) to request they write letters to the elected officials of the incorporating municipality(ies) opposing a potential sale to a private company

### Legal

- Review any service or operations agreements that the authority may have
- Pass resolution opposing sale of system to private investor-owned company
- Direct incorporating municipality and municipalities served by the authority to pass a resolution opposing the sale of the system to a private investor-owned company
- Refuse to sign any agreement from a private investor-owned company prohibiting any discussion of the potential sale with the public during the negotiation period
- Instruct incorporating municipality to refuse to sign any agreement from a private investor-owned company prohibiting any discussion of the potential sale with the public during the negotiation period
- Instruct incorporating municipality to refuse to allow a valuation assessment to be conducted





# Combating Privatization of Municipal Authorities

## Know the Facts

### MUNICIPAL AUTHORITY **VS** PRIVATE INVESTOR-OWNED UTILITY/WATER COMPANY

Publicly/locally owned (community's water resources and infrastructure)	Privately investor owned (company shareholders' water resources and infrastructure)
Locally controlled (Decisions: management, maintenance, operations, rates)	Stockholder driven & controlled (Decisions: management, maintenance, operations, and state-controlled rates)
Local/community-based service	Statewide based service
Accountable to authority board of directors appointed by local elected officials	PA Public Utility Commission (PUC) required to approve certain level of profit
Greater transparency with operations – Public Meeting law and Right-to-Know law requirement	Neither Public Meeting law nor Right-to-Know law requirement
Decision makers: Local individuals make up board of directors appointed by local elected officials	Decision makers: shareholders
Rates based locally	Rates based statewide
Employ local workforce	Outsource employees/jobs
Lower rates: Operate to serve community ( <b>non-profit</b> )	Higher rates: Operate <b>for-profit</b> for shareholders
Must meet all water quality and discharge standards (not incentivized by profit to do the minimum)	Must meet all water quality and discharge standards with a profit motive mission
Ratepayer concerns addressed and rates set by authority staff and board members from the community (elected public officials appoint board members)	Ratepayer concerns addressed to PUC and rate set by PUC based upon a rate request
Lower costs: tax-free financing, NO PUC rate proceeding costs paid by ratepayers	Higher costs: taxed financing, significant PUC rate proceeding costs paid by ratepayers
Break-even budget (surplus funds invested back in the service)	Statutory return on investment (surplus funds returned to investors/shareholders)
No foreign investment and/or ownership	Potential foreign investment and/or ownership
Conservation of water	Duty to sell as much as possible for stockholder fulfillment (conservation equates to limitation on revenues)
Mission: water is not a commodity but a basic need for the community	Mission: water is a commodity, purpose is to meet obligation to investors (the more money that is invested into the system, the more return on investment)
Statutorily cannot compete with other enterprises serving same purposes	Pursue any endeavor that results in profit