

Eversource's Plan to Privatize New Hartford's Water

During the early aughts, New Hartford invested in expensive sewage treatment facilities for a growing population that never grew, leaving the plant running below capacity and charging high costs to a smaller customer base than anticipated.¹ This unexpected debt led to New Hartford to consider selling its expensive wastewater system, but only found buyers after including the successful drinking water facilities as part of the deal.² If the deal is approved by the public, New Hartford will sell its facilities to investor-owned Aquarion for \$8 million, stripping local control and accountability away from the public, and placing the fate of the city's water and wastewater in the hands of a for-profit conglomerate. Although Aquarion claims it has deep Connecticut roots, it is a subsidiary of an electric, gas and water utility corporation called Eversource, and was previously owned by international private equity firms.³



New Hartford would lose local control and accountability of its facilities

By privatizing water and sewer systems, local governments abdicate control over a vital public resource. People can hold locally owned water systems accountable by voting for new leadership when companies excessively raise rates or reduce service quality. On the other hand, private water companies have no responsibility to promote public health and wellbeing.⁴ They are accountable first and foremost to their owners and make their investment decisions based on profitability.⁵ Because water service is a natural and legal monopoly,⁶ if a private water company charges high rates or provides bad service, customers cannot simply switch to another provider.

While Aquarion's rates would be regulated by the state's Public Utilities Regulatory Authority (PURA),⁷ regulators can be vulnerable to private influence. From 2014 to 2018, Eversource spent more than \$8 million on lobbying in Connecticut.⁸ There's reason to believe that Aquarion is skilled at juking regulators.⁹ When the town of Oxford, Massachusetts, fed up with high rates and poor service, pushed for a vote to take back their water from Aquarion, an Aquarion lobbyist pulled the building's fire alarm, adjourning a critical meeting and blocking the vote.¹⁰

Water and sewer bills will likely rise

Because a water corporation has different goals than a city does, it will make its decisions using a different set of criteria, often one that emphasizes profitability. A Food & Water Watch study of the 500 largest water providers found that private water companies charged 59 percent more than public companies.¹¹ Aquarion admits that raising rates is at the core of their business model.¹² High rates allowed Eversource to make \$900 million in profit in 2019, paying more than \$20 million in executive compensation.¹³

Privatizing the wastewater system will not fix the underlying mismatch between capacity and consumer base. Aquarion suggests adding customers to New Hartford's wastewater system, but doesn't operate any wastewater systems in Connecticut.¹⁴ Aquarion even admits, "It would

be difficult, if not impossible, for AWC [Aquarion] as an [investor-owned] utility to serve as the project developer to market new customers to connect to the sewer system."¹⁵

Private water companies don't prioritize community interests

Whereas public agencies are accountable to the environmental concerns of their constituents, private companies can increase profits by cutting corners on environmental performance.¹⁶ Some municipalities experienced serious water quality deterioration following privatization.¹⁷ In the past decade, Aquarion water systems in Connecticut had 8 health-based violations of the Safe Drinking Water Act,¹⁸ one of which has been listed as a "Serious Violator" since 2017.¹⁹ Other towns served by Aquarion have been frustrated by its shoddy service.²⁰

Conclusion

We urge New Hartford's city council to put public interest over private greed and stop the privatization of New Hartford's water. Instead of privatizing water systems, New Hartford could partner with other municipalities through public-public partnerships. Public partners are more responsive, reliable and cost-effective than private water companies. Intermunicipal cooperation, interlocal agreements and bulk purchasing consortiums can improve public services and reduce costs, while allowing communities to retain local control.

Additionally, we must create a water trust fund to fully fund our public water infrastructure. One model is the Water Affordability, Transparency, Equity and Reliability (WATER) Act in Congress. Without delay, we must fully fund our water infrastructure to make water safe, affordable and accessible for all.

Endnotes

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- 2 Boughton, Kathryn. "New Hartford officials weigh sale of water, sewer systems." *Republican-American*. January 3, 2015; Torrington Water Company. "Statement of Qualifications. In response to The Town of New Hartford request for bids for the Purchase of Drinking Water and/or Wastewater Systems Town of New Hartford, CT." December 21, 2017 at 1; Aquarion Water Company (2017) at Section 1; Connecticut Water. "Response to Town of New Hartford Request for Proposals from Qualified Companies for the Purchase, Operation, and Maintenance of Drinking Water and Wastewater Assets." December 21, 2017 at 17.
- 3 Aquarion Water Company (2017) at PDF 5 and 23; Moya, Elena. "Kelda to sell Aquarion to Macquarie Bank for \$860 Mln." *Bloomberg*. February 24, 2006; Garcia, Luis. "Macquarie sells water company for \$1.7 Billion." *Wall Street Journal*. June 2, 2017; "Aquarion looks for double-digit growth." *Global Water Intelligence*. Vol. 11, Iss. 8. August 19, 2010; Torres Ocasio, Keila. "Eversource Energy to acquire Aquarion Water Co." *Connecticut Post*. June 2, 2017.
- 4 Food & Water Watch (FWW). "The State of Public Water in the United States." 2016 at 6.
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- 8 National Institute on Money in Politics. Campaign Finance Institute. State Level Lobbying. Eversource. Connecticut. Available at <https://www.followthemoney.org/>. Accessed July 2020.
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- 13 Eversource Energy. United States Securities and Exchange Commission. Form 10-K. Fiscal Year Ending December 31, 2019 at 41 and 146.
- 14 Aquarion Water Company (2017) at 9.
- 15 *Ibid.* at 19, 20 and 24.
- 16 Arnold, Craig Anthony. "Privatization of public water services: The states' role in ensuring public accountability." *Pepperdine Law Review*. Vol. 32, Iss. 3. 2005 at 591.
- 17 *Ibid.* at 586 to 587.
- 18 U.S. Environmental Protection Agency. Safe Drinking Water Act. SDWA Violations. Accessed July 2020.
- 19 *Ibid.*
- 20 Town of Hampton. Complaint to the New Hampshire Public Utilities Commission. "RE: Aquarion Water Company Of New Hampshire." March 20, 2019 at 4; Gearreald, Mark S. Esq. Town of Hampton. "Town of Hampton's Rule 10 Appeal from Decisions of the Public Utilities Commission." State of New Hampshire Supreme Court. August 30, 2019 at 4; Witfill, Mary. "Hingham voters approve town's purchase of water company." *Patriot-Ledger*. April 22, 2019.

