



## Association of Environmental Authorities of New Jersey

Wednesday, April 29, 2020

### COVID19 or Not, Privatization Efforts Continue in NJ and Beyond

COVID19 or no, the proponents of water/wastewater privatization have continued to promote their aggressive agenda. According to an article in S&P Global Market Intelligence published two weeks ago, two more states have set fair market value legislation into law.

In New Jersey, efforts to enact fair market value for the sale of sewer systems continue as well. Two legislators, Sen. Paul Sarlo, and Assemblyman John Burzichelli, are prime sponsors of bills (A1710/S 2207) introduced in March that allow the use of fair market valuation when a municipality wishes to sell its sewer systems.



The NJ Rate Counsel has criticized "fair market value" because it inflates sales prices. A system that might be sold for less than \$1 million under the traditional book value approach, for example, might be sold for millions under fair market value laws.

Fair market value (FMV) legislation is bad for ratepayers because the acquisition cost are folded into the rates. Higher prices for systems mean the people who use the water pay more. The Sarlo/Burzichelli bills also permit sale of a sewer utility with no public referendum. AEA and other opponents of this legislation consider the bills "anti-democratic" and likely to reduce transparency and public input into sales of systems.

Getting fair market value legislation has been a focus of the National Association of Water Companies, the lobbying arm of investor-owned utilities such as American Water Works and Aqua America. Virginia's Governor signed fair market value legislation on March 25. On March 31, West Virginia's Governor signed similar legislation. Efforts have been made to pass FMV legislation in Kentucky. It has been enacted in California, Illinois and Pennsylvania.



New Jersey American Water is a subsidiary of American Water Works. AWW and its subsidiaries, including NJAW, provide service to 14 million people in the U.S. About 2 million AWW customers are in New Jersey. AWW is the largest publicly traded water utility in the country. Aqua America serves 3 million people in the U.S. About 174,000 of those have service through its New Jersey subsidiary, Aqua New Jersey.

Both companies have been identified acquisition as a key business strategy. NAWC has lobbied heavily for fair market value as a means to help investor-owned utilities like Aqua and AWW achieve their business expansion goals.

## **AEA Members: Please Link to Message About Great Work You All Are Doing**

AEA is making available to members a 1-minute message noting the good work you all have been doing to keep water, sewer and solid waste services going in the last 6-8 weeks. Please [follow the link](#) to view or watch below. Feel free to mention this in your social media, post on your website, and let your boards and staff know it is available. We will be posting a similar message about wipes soon.



We Got This! NJ authorities keep water, sewer, and solid waste services going during

## Reminding Building Owners about Safely Handling Water when Reopening Large Buildings

As our state looks toward "re-opening," drinking water professionals are thinking about safe practices relating to restarting water systems in large buildings.

Disinfectant residual, degraded corrosion control, and microbial issues are among the concerns related to "recommissioning" buildings shut down for the last two months.

AEA board member Christine Ballard has provided a customizable announcement for drinking water members reminding building owners about the need to develop a plan for addressing these issues. If you are interested in obtaining this, please contact Karen Burris. A soon-to-be-published paper on this topic can be found [at this link](#).

## News Links

We gather industry news from throughout the state so you don't have to! Explore the following headlines and more at this news link

- [The Road Back: Restoring Economic Health Through Public Health](#) - Gov. Murphy's re-opening plan for New Jersey
- [The Financial Impact of the COVID-19 Crisis on U.S. Drinking Water Utilities](#)
- [Covid 19 coronavirus: Warning after coronavirus found in Dutch sewage water](#)
- [Coronavirus traces found in Massachusetts wastewater at levels far higher than expected](#)
- [NJ DEP adopts new protections for 600 miles of rivers and streams](#)

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