



Association of Environmental Authorities of New Jersey

Friday, August 28, 2020

Government Utilities Should Note NJ Privatization Milestone

On Aug. 13, Egg Harbor City (EHC) became the first municipality in New Jersey choosing to entirely relinquish ownership of its water and sewer system using a 2016 law called the Water Infrastructure Protection Act (WIPA).

The EHC council voted unanimously to sell them to New Jersey American Water, which is a subsidiary of American Water Works Company, Inc. (AWW).

When the \$21 million transaction is complete, the people of EHC will join the estimated 15 million in 46 states as customers of the AWW corporation. The AWW subsidiary, NJAW, has about two million customers.

AEA sees eye-to-eye with corporate-owned utilities on many issues. The entire NJ water/sewer sector should be proud of the on-going, sector-wide cooperation and mutual support demonstrated during the current COVID-19 pandemic.

However, AEA often takes issue with Big Water over its efforts to market acquisitions by disparaging government-run utilities. The pitch misleadingly suggests that selling is a community's only choice when it is facing significant upgrade and repair needs.

Lobbyists for Big Water suggest, on questionable evidence, that corporate-run systems have few water quality violations. They say the reason corporate-run utility rates are higher is that government system rates are artificially low. Their message conveniently omits mentioning that unlike government utility rates, corporate rates include the cost of "return on investment."

AEA opposed the New Jersey version (WIPA) because it permits a system to be sold without a voter referendum, increasing the chance of back-room deals, reducing the public's voice, and limiting civic dialogue about an important community matter.

Despite that, Big Water successfully lobbied in New Jersey for WIPA, a type of so-called fair market value (FMV) law adopted in other states including Illinois, Pennsylvania, and California. (Connecticut and Kentucky have so far resisted FMV laws.) FMV laws encourage "quick fix" transactions (such as the one in EHC). In testimony at the time WIPA was under consideration, the NJ Division of Rate Counsel noted that FMV laws inflate the selling prices of water and sewer systems.

Rate and consumer advocates in other states have noted this as well. The acquisition price matters.

When a corporation acquires a system under WIPA, the cost is off-loaded onto all of its customers in the State. Each successive WIPA transaction will add to that burden.

NJDEP Announcement Regarding Monitoring

FYI: On July 1 the NJDEP ended reduced monitoring related to toxics, but according to Janice Brogle, the director of the Division of Water Quality, the March 26 monitoring guidance remains in force.

[Here is a link to the guidance.](#)

AEA Continues its Weekly "COVID-19 Check-in Calls" -- Authorities and Municipal Utilities Welcome

A reminder that AEA continues to hold its weekly check in calls on Wednesdays. The time is usually 9 a.m. but it can vary if there are significant scheduling conflicts.

The Zoom meetings are offered as a benefit to members -- there are announcements and status reports from Office of Homeland Security and Preparedness, the NJDEP, and from AEA.

The check-in call's open forum format allows for participants to raise questions or seek advice from other members about the many emerging issues that are associated with COVID-19. If you have not been participating, you might wish to check it out and can do so by emailing Karen Burris.



EPA Tool Can Assist Water Utilities in Assessing the Financial Impacts of COVID

Perhaps now more than ever, robust financial planning is essential if water utilities are to successfully fulfill their mission.

The U.S. Environmental Protection Agency (EPA) is offering help with that essential activity via a tool water utilities can use to assess the financial impact of COVID-19 on operations. The Water Utility COVID-19 Financial Impact Tool gathers together relevant information about the financial and operational health of water utilities. The tool was created by the EPA's Water Infrastructure and Resiliency Finance Center. It leads water utilities through a series of questions about revenues, expenses, and cashflow.

[Link to the relevant EPA page is here](#)

News Links

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- [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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