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. 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. 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.

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. They are accountable first and foremost to their owners and make their investment decisions based on profitability. Because water service is a natural and legal monopoly, 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), regulators can be vulnerable to private influence. From 2014 to 2018, Eversource spent more than $8 million on lobbying in Connecticut. There’s reason to believe that Aquarion is skilled at juking regulators. 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.

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. Aquarion admits that raising rates is at the core of their business model. High rates allowed Eversource to make $900 million in profit in 2019, paying more than $20 million in executive compensation.

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. Aquarion even admits, “It would
be difficult, if not impossible, for AWC [Aquarion] as an [in-
vester-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 environ-
mental 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 frus-
trated by its shoddy service.20

Conclusion

We urge New Hartford’s city council to put public inter-
est 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 communi-
ties 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 ac-
cessible for all.

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