

Guest Column: Beware the privatization of your public utilities

By Ken Hemphill Times Guest Columnist

Before municipal fire companies became standard practice, 18th and 19th century homeowners in many cities hired insurance companies with private fire companies to protect clients. Before attending to your fire, these “brigades” would check first to see if you had their “fire insurance medallion” mounted above your front door. No medallion and your house was left to burn.

Fortunately, we’ve evolved, recognizing that such an important public good as fire protection be “socialized,” i.e., financed by taxes. This social funding of critical services now extends to all sorts of modern necessities: potable water delivery, public education, prisons, bridge/road construction and maintenance, sewage treatment, the court system, parks/recreation, libraries, defense, space exploration, disease research/control, hospital/university subsidies, environmental protection, police, and all sorts of other things not generally known to be subsidized or entirely publicly financed.

No rational person would argue now that we should revert to privately owned fire companies or end public ownership of courts, parks, military, police, public schools, etc. except for a self-interested few who would remove socialized services from the public realm for their own benefit but use taxpayer or ratepayer money to do it. Privatization is now accepted truth among the cult of predatory capitalists who benefit from our very socialized system while bemoaning the evils of socialism. They have nary a qualm about corporate socialism in which unaccountable, for-profit entities are financed with public money.

Mirroring an alarming national trend, Delaware County is seeing an increasing effort to hand over public services to for-profit interests. Charter schools and our county prison, for example, now rake in millions in taxpayer dollars for corporations with little public input or oversight. In Upper Darby alone, charter schools owned by for-profit corporations siphon \$7 million from that district’s tight budget, with charter “CEOs” being paid substantially more than a typical superintendent. The Geo Group is “Hoovering” up \$50 million of our county’s budget to run our privatized prison under the professed belief that it brings efficiencies that government can’t deliver. Yet somehow, our larger neighbors, Montgomery and Chester counties, manage their prisons for less than \$40 million and are not dangerously understaffed.

Now Aqua is attempting to gobble up the Chester Water Authority and DELCORA. The latter claims it needs to “merge” with Aqua so that a company with greater economies of scale can better afford to comply with federally mandated infrastructure improvements.

“They have much greater purchasing power and therefore can acquire materials more cheaply,” we’re told. Never mind that DELCORA could form a consortium with other sewer authorities to buy materials in greater bulk. Instead, we’re being asked to believe that for-profit AQUA would put aside its “fiduciary duty” to earn profits for its shareholders, those insatiable beasts who otherwise demand that other corporations cut expenses and increase revenues.

Aqua has never gone to their shareholders

to ask for a 10-year moratorium on profits in order to install new infrastructure or pay for utility acquisition costs, recent promises notwithstanding. On the contrary, Aqua’s record of raising rates and lowering quality has been exhaustively documented in two reports by Food and Water Watch (FWW). After acquiring a wastewater treatment or water authority, Aqua has invariably raised rates out of sync with inflation while cutting expenses and frequently delivering a lesser quality product. Dozens of formerly municipally owned water utilities now owned by Aqua have reported significant water quality decreases, according to FWW.

As Nicholas DeBenedictis, former CEO of Aqua America said in 2006, “Try to remember that the shareholder is the boss.” Aqua would satisfy that boss by adding “infrastructure improvement surcharges” and “interim rate increases” to customer bills. According to FWW: “The surcharges are temporary fees added to water bills that allow companies to receive a return on capital investment without any public comment or trial period.”

This is perfectly legal in Pa. (the first to allow this sort of thing), whose state government has taken millions in campaign donations from for-profit utilities. FWW notes that “Aqua has had considerable influence on getting these fees approved.” As an analyst at Janney Montgomery Scott noted, DeBenedictis was the “apostle of the infrastructure surcharge. He’s the guy who got that.” So DELCORA’s customers (i.e., a majority of Delaware County residents) should understand that Aqua’s proposed acquisition is not some charitable proposition. It deliberately

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targets systems in disrepair and then uses infrastructure improvement charges and interim rate increases to satisfy shareholders.

Privatization proponents always tout the efficiency argument, that for-profit

corporations serve us better than public institutions. No one but Milton Friedman ever believed that silliness. The truth is that public services like DELCORA, Chester Water Authority, and our public schools should belong to and be overseen by the public, not unaccountable corporations.

The profit motive may have given us nifty consumer products, but it's never given us cleaner water.

Google "Aqua" and "Food and Water Watch" to see for yourself.

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