



November 2, 2023

## **Ownership Data for Water Utilities**

**Re: Project Sponsor: Aqua Pennsylvania, Inc. Project Facility: Eagle Rock Utilities System, North Union Township, Schuylkill County, Pa.**

**Re: Project Sponsor and Facility: Newport Borough Water Authority, Howe Township, Perry County, Pa.**

**Re: Project Sponsor and Facility: Stewartstown Borough Authority, Stewartstown Borough, York County, Pa.**

**Re: Project Sponsor and Facility: Walker Township Water Association, Inc, Walker Township, Centre County, Pa.**

We take no position on the applications referenced above. They serve to illustrate that potential impact related to changing ownership models for water utilities.

In the mid-1970s, the commission began regulating entities that draw, but do not return, large amounts of water from the river and its tributaries — such as nuclear and coal-powered plants, drinking water treatment systems, manufacturers and large agricultural users. (“Susquehanna River Basin Commission marks 50 years,” Ad Crable, May 17, 2021.)

The goal was to ensure that enough water remains in the river during droughts to sustain industry, provide drinking water, and protect aquatic resources

The Commission set up the Early Warning System (“EWS”) to help protect and manage public water supply operations with sources in the Basin’s major rivers. The EWS provides a framework to share real-time water quality information among public water suppliers, state/local agencies, and the emergency response community for the benefit of approximately 850,000 public water customers.

The Lower Susquehanna Source Water Protection Partnership (“Partnership”) was formed in 2012 to examine ways in which agencies and organizations can collaborate to address common issues and challenges related to protecting sources of drinking water on a

regional scale. The Partnership now has more than 40 organizations that meet twice a year to utilize their shared knowledge and technical expertise.

**“Government Accountability Office: Private Water Utilities: Actions Needed to Enhance Ownership Data.”\***

The 50,000 drinking water utilities in the United States face steep costs—more than \$470 billion over the next 20 years, according to EPA estimates—to repair and replace drinking water infrastructure. These costs are passed on to customers through water rates. In Pennsylvania, the Distribution System Improvement Charge (“DISC”) is a surcharge companies assess on their customers to replace aging water lines. It is a tariff that benefits owners; many of which, are out of state or foreign owned companies. The acquisition and consolidation of smaller companies is occurring across the state. In the future, publicly owned water entities like Newport Borough, Stewartstown Borough, and Walker Township may be owned by private companies such as Aqua Pennsylvania.( 1)

The General Accounting Office made two recommendations. The first was for the Environmental Protection Agency (“EPA”) to define all utility ownership types in the Safe Drinking Water Information Systems. The second was for the EPA to correct and verify this data as needed. (2)

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1 Essential Utilities (formerly Aqua America and Peoples Natural Gas) is an American utility company. The company provides drinking water and wastewater treatment infrastructure and services to 12 states. From 1993 to 2013, Aqua America completed 300 acquisitions. In October 2018 Aqua announced that it was going to purchase Peoples Natural Gas in Pittsburgh PA for \$4.27 billion. This deal entered Aqua into the competitive Pittsburgh water market while taking their first step into gas utilities.

2 United States Government Accountability Office Report to the Honorable Charles E. Schumer, Majority Leader, U.S. Senate, March 2021.

## **Background: Ownership Challenges for the Susquehanna River Basin Commission.**

- **York Haven Hydro Project.**
- **Project Sponsor: Cube Hydro Partners, LLC.**

The York Haven Dam was built in 1904, and is powered to generate 19.6 megawatts. Cube Hydro Partners purchased the hydroelectric station from York Haven Power in 2015. (3) Cube was a portfolio company of Squared Capital. In 2019, Cube Hydro was purchased from Squared Capital by Ontario Power Generation. (“OPG”) The OPG merged Cube Hydro with another company that it acquired in 2018, forming Eagle Creek Renewable Energy. Ontario Power Generation's sole Shareholder - the Government of Ontario.

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3 York Haven Hydroelectric Project (FERC Project No. 1888, Testimony of Eric J. Epstein, February 6, 2020.)

- **Three Mile Island-1 Combined Ground and Surface Water Withdrawal. (4)**

- **Project Sponsor: Constellation.**

In the course of the application review, Exelon was spun into Constellation. TMI-1 was built to generate 796 megawatts of energy. The plant was purchased by Exelon from Amergen. British Energy and PECO Energy each owned 50% of AmerGen. They purchased the nuclear power plant and its fuel in 1999 from GPU Nuclear. The sale price was \$99 million. GPU Nuclear was created after the accident at Three Mile Island, and was a reconstituted version of the plant's original owner and holding company: General Public Utilities ("GPU"). GPU - The holding company was owned by: Met Ed: 50%, Penn Elec: 25%, and Jersey Central Power & Light: 25%.

I offered testimony in both cases before the Susquehanna River Basin Commission. ("SRBC") These cases involved water use for energy generation. However, they serve as an example of how ownership of public utilities has rapidly evolved into privately-held corporations.

Deregulation in Pennsylvania facilitated the demise of horizontally owned companies and public utilities. In the Commonwealth there are 1,546 townships, 958 boroughs, 67 counties, and 58 cities. They are not all in the Susquehanna River Basin, but it is difficult to monitor all the ownership changes that are taking place.

We are making two recommendations. The first is for the SRBC to maintain inventory of ownership types. This should include data sharing with the Pennsylvania Public Utility Commission, especially for gas, electric, and water actions and mergers that require PUC approval. In addition, it would be useful to partner with the EPA, and request the agency share the data they provided to GAO. This would be a direct and less cumbersome method to supplement the SRBC's existing baseline.

The SRBC has successfully set up the Early Warning System and the Lower Susquehanna Water Protection Partnership. Rather than create an additional program, perhaps these entities could also help to gather information to update ownership. The challenge is keeping pace with the rapidly consolidating electric, gas, and water acquisitions and mergers.

