

Families, employers, and communities across the Commonwealth cannot thrive without access to safe and reliable drinking water and wastewater services.

A recent analysis, conducted by an independent economic analysis firm, examined the impacts of privatization and consolidation on drinking water and wastewater services in Pennsylvania.

KEY FINDINGS

- In Pennsylvania, the majority of (85%) drinking water and (81%) wastewater systems are owned and operated by municipalities or non-NAWC private companies, most of which are not regulated by the Public Utility Commission, like NAWC members are.
- NAWC member-owned and operated systems, supported by privatization and consolidation, resulted in significant economic, consumer, and environmental benefits for Pennsylvanians.



NAWC member companies in Pennsylvania support over 13,000 jobs, add over \$1 billion annually to the Commonwealth's economy, and contribute to \$281 million in taxes each year.

- NAWC member companies directly employ over 2,000 Pennsylvanians in well-paying jobs, with average annual compensation of nearly \$100,000 including benefits. NAWC member companies' activities in Pennsylvania support an additional 11,300 jobs.
- NAWC member companies add over \$1 billion annually to Pennsylvania's economy, with a large portion resulting from capital expenditures. Economic impact is spread across industries including contracting, manufacturing, facilities maintenance, waste management, professional services, and engineering.
- NAWC member companies contributed to \$281 million in federal, state, and local taxes in 2022, including direct taxes paid by companies as well as employee income taxes, sales taxes, and taxes paid by beneficiaries of companies' expenditures. Of this total tax contribution, \$94 million went to state and local taxes, which can be used to fund things like roads, bridges, schools, and emergency services.



NAWC member systems in Pennsylvania provide much higher-quality drinking water than all other types of water systems.

- An analysis of Safe Drinking Water Act (SDWA) violations from 2013-2023 shows that NAWC member systems consistently have drastically lower average violation rates than all other types of water system owners – ranging from 14 times lower to 660 times lower than other systems.
- For water quality violations specifically, NAWC member systems still consistently have a much lower violation rate – ranging from 10 times lower to nearly 100 times lower than other systems. This includes both small (<1,000 customers) and large (>1,000 customers) systems, showing that privatization and consolidation offer water quality benefits across system sizes.
- Data from the same 10-year period also indicates that water systems purchased by NAWC member companies show greatly improved compliance with SDWA standards after transfer of ownership.



NAWC member systems in Pennsylvania have a much lower rate of federal wastewater regulation violations than all other types of wastewater systems.

- An analysis of violations of the Clean Water Act (CWA) from 2013-2023 shows that NAWC member systems consistently have lower average violation rates than systems owned by other entities.

CHALLENGES AND SOLUTIONS

The analysis also examined the varied approaches federal, state and local governments have taken to regulate water utilities and enact policies that support necessary investments in our nation's critical water infrastructure and found:

- **The emerging water crises developing in the United States and in the Commonwealth are interconnected and will require close coordination from regulators, policymakers, water consumers, and drinking water and wastewater companies.** . The crises include: unsustainable use of water, issues with water quality, water inequity and affordability, fragmentation of water systems, climate change, workforce challenges, barriers to innovation and emergency management.
- **Extensive investment is required to not just modernize critical water infrastructure to meet emerging challenges like PFAS, but to replace existing systems before they deteriorate to dangerous levels of functionality.**

"...the US EPA estimates that 'the capital cost of wastewater and drinking water infrastructure needed to meet federal water quality and safety requirements and public health objectives exceeds \$744 billion over 20 years.' By many measures, the water and wastewater industries are the most capital-intensive of utility services provided to the public."
- **Federal and state governments recognize that privatization and consolidation can ensure the necessary investment in critical water infrastructure to provide access to safe and reliable drinking water and wastewater services.** *The water industry's privatization and consolidation benefits consumers because "many of the issues facing water and wastewater systems will require not just major financial investment, but the application of new technologies and novel initiatives that are best delivered across many systems by organizations that can manage complex and capital-intensive solutions."*
- **Benefits of privatization and consolidation include:**
 - Increased access to capital to invest in infrastructure
 - Economies of scale, in expertise, supply chains, and shared infrastructure, that can result in lower, more transparent costs
 - Stringent regulatory oversight
 - Enhanced reliability (in supply chains and cybersecurity)
 - Enhanced employee safety

Federal policy is focused on funding government-run systems at a time when all water infrastructure, regardless of ownership type, requires investment to ensure quality drinking water, protect our rivers and streams and fend off emerging threats like PFAS. The General Assembly should support Pennsylvania's valuation reform policies so local governments have options to make the right decisions for their communities.