

GUEST COLUMN

Aqua and DELCORA will ensure quality service at affordable rates

By **Chris Franklin**
Times Guest Columnist

Aqua and DELCORA are continuing to make progress toward the completion of an acquisition and merger of operations that will ensure continued reliable wastewater service at the most affordable rates for thousands of Delaware County and Chester County wastewater customers, despite opposing efforts.

Unfortunately, the efforts of Delaware County Council to thwart the transaction are costing taxpayers tens of thousands of dollars in legal fees and frivolously postponing the opportunity for DELCORA ratepayers to receive future rate relief through a trust specifically set up to benefit customers of DELCORA. Today, I wanted to reiterate why this acquisition and merger of operations is so beneficial to ratepayers.

What first prompted the decision by DELCORA to seek a partner is the forthcoming tidal wave of mandated environmental improvements and capital costs. The primary driver of these

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costs is a requirement from the U.S. Environmental Protection Agency that all combined (sanitary and storm water) sewer systems, like those in Chester and Philadelphia, be dramatically reduced or eliminated. As a result, DELCORA faces capital improvements costs to upgrade the combined sewer

system in Chester and a large portion of the system in Philadelphia with a price tag of almost \$700 million. In addition, through 2042, DELCORA projects the need to spend another \$520 million in capital upgrades. These staggering costs total approximately \$1.2 billion.

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Our company is proud to partner with DELCORA because we have a long and deep history in Delaware County, where we were founded. We know the county and its people, having served the county first as Springfield Water Company beginning in 1886 and where we now serve approximately 500,000 Delaware County residents.

The merger has other significant benefits. The DELCORA/Aqua merger of operations includes the creation of a trust fund from the net proceeds of the sale price, expected to be about \$200

This is an image of the new logo for Aqua America Inc., which changed its name to Essential Utilities Inc. on Feb. 3. The water and wastewater company is adding a gas distribution company — Peoples — as a subsidiary.

million. This trust will keep rates at a steady 3% annual increase while also allowing all the mandated improvements to be made. Without this trust, rates were expected to spike to 10% annually. Unfortunately, some politicians, in an attempt to get control of the \$200 million, are mischaracterizing the use of the trust. To be clear, if Aqua/DELCORA makes the necessary capital improvements, and the PUC deems the expenditures to be prudent, those costs will be recovered in rates. The \$200 million would be used to offset those rate increases, capping them at no more than 3% a year for the next decade. It is important that Delaware County Council does not raid this trust and use it for other projects or programs.

We must act quickly, since DELCORA's contract with the City of Philadelphia to manage a part of its wastewater treatment expires in

2028 and the improvements are expected to take eight years to complete. Time is running out.

Today, I encourage all customers served by DELCORA, including those served by Darby Creek Joint Authority, Muckinipates Authority, Central Delaware County Authority, Chester Ridley Creek System, Southwest Delaware County Municipal Authority, and Southern Delaware County Authority to contact Delaware County Council and tell them to stop blocking this acquisition and merger of operations, which will bring rate relief to customers. This acquisition and merger of operations benefits customers. It brings necessary upgrades to the wastewater system. It preserves jobs. It is good for Delaware County.

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