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TODAY'S WATER ISSUES AFFECT THE VALLEY'S FUTURE

The Morning Call's recent editorial regarding the sale of a local water company begs a response to present a full view of water service issues in the Lehigh Valley.

Lehigh County Authority agrees that Ralph and Catherine Uff should receive a fair price for the sale of their water company, Country Club Gardens Water Co. The Uffs have done a superb job of serving their customers, and they deserve credit for doing what is often a thankless job. The question at hand is how the customers will be best served after the Uffs' well-deserved retirement.

LCA's position is that these customers would receive substantially better service and lower rates if services were provided by the public utilities already in place in their neighborhoods. LCA has joined with South Whitehall Township Authority and South Whitehall and Lower Macungie townships in this position. Most importantly, customers have joined the participating municipal entities in asking the Public Utility Commission to consider this position.

LCA has completed about two dozen acquisitions over the past 30 years, and we continue to talk with owners of public and private systems in our area about the potential of acquiring their systems. Our acquisition strategy serves a broad purpose in our service area. Each acquisition has brought improved service and reliability and sometimes even lower rates to the customers. LCA values its relationship with its customers above all else and works hard every day to strengthen that relationship.

Unfortunately, the focus on the sale of the Uffs' water company pushes the big picture of the Lehigh Valley's water service issues out of view. The fragmentation of water service in our area, which would be worsened by the sale of this system to Aqua Pennsylvania, Inc., is a critical concern for the future.

The Lehigh Valley has more than 220,000 households, and about 80 percent receive public water service. These households are divided among 25 water systems. This fragmentation of service undermines the ability of any individual system to achieve meaningful service economies. The result is duplicated staff, equipment and capacity that would be unnecessary if systems aggregated their resources into fewer units or, even better, into a single unit.

Water industry research shows that there are substantial economies of scale in providing water service to a larger customer base. For example, it may cost a water system the same to provide some aspects of service for 5,000 customers as it does for 10,000. American Water Works Association experts recently concluded that in order for our nation's water systems to be financially sustainable in the future—to support the technical, operational, financial and managerial tools needed to keep pace with regulatory changes and required improvements—a water system should have at least 50,000 customers. None of the Lehigh Valley's systems meet this criterion.

The regulatory burden on water systems has grown over the years and continues to grow rapidly. This adds costs for monitoring, testing, treatment technology, professional development, and technical training. In addition, many water systems are approaching the 100-year mark when facilities tend to reach the end of their useful life and need to be replaced. This expensive problem is faced primarily by older cities and boroughs, where declining populations, shrinking tax bases and other socio-economic problems already place financial burdens on residents.

The jointure of growing suburban water systems with older urban systems would mitigate the impact of these infrastructure improvements and increasing regulatory requirements by broadening the base of customers who share this burden. It is also notable that these older systems frequently have substantial excess water supply due to general decline of industrial activity. Allentown, Bethlehem and Easton all have excess water capacity to offer their neighbors. At the same time, suburban water systems like LCA are faced with the need for new sources to meet the needs of a growing customer base. Clearly, the Lehigh Valley's water systems could complement each other if a jointure were pursued.

Consolidation of water service won't happen just because it's a sound idea supported by industry research and regional demographics. Our community leaders hold tightly to the concept of local control, and suggesting such change is often met with intense scrutiny and distrust. However, if we wish to leave future generations a more reliable, sustainable water supply, we need to reduce the fragmentation of water service in our area. For today, this means working with the customers of the Country Club Gardens Water Co. to bring them into the fold of existing water systems in the Lehigh Valley.