http://newiprogressive.com/images/stories/S5/watertower-s5.jpg 

Assembly Bill 554 does away with the mandatory referendum now required prior to the sale of public water and sewer systems to private companies. It comes at the request of the out of state company Aqua America, which has a poor record of providing services in several other states.

MADISON - “Keep private water companies OUT of Wisconsin,” Glory Adams of Eau Claire wrote. She wants to stop a bill that would allow cities to sell water and sewer systems to out-of-state companies without even a community vote.

Assembly Bill 554, introduced by Rep. Tyler August (R - Lake Geneva), would do away with the mandatory citizen referendum prior to the sale of public water and sewer utilities. It would also eliminate the ban on selling to out-of-state companies.

The bill is moving quickly. It passed the full Assembly and a Senate committee in a few weeks. All that’s needed for final passage is a full Senate vote.

In a follow-up conversation, Glory said AB 554 scares her. “Look at the company that wants to get in. Their record is abysmal.”

I learned Representative Tyler August introduced the bill at the request of a company called Aqua America that does have an “abysmal” record.

Lee Bergquist of the Milwaukee Journal Sentinel reported that Representative August wrote the bill after Aqua America approached him. Mr. Berquist reported the company met first with the Public Service Commission (PSC) and was told that 161 Wisconsin public utilities had operating losses in 2014. Presumably, these financially strapped cities might make good Aqua America customers.

Aqua America has a long list of problems. Bruce Murphy of Urban Milwaukee recently wrote, “There has been 170 instances since 2005 where Aqua North Carolina did not comply with state and federal laws regarding contamination levels, and customers there have complained about poor water quality, dry wells, high rates and subpar service.”

Mr. Murphy described problems in Texas where customers were required to boil water; Pennsylvania where customers saw rates rise from $153 to $707; Florida where Aqua charged residents twice as much as neighboring local water utilities. Serious problems in Florida included many violations and consumer complaints that water “was smelly, discolored, contaminated and undrinkable.”

Senator Lasee offered arguments for the bill in a public hearing: “We want to give our local partners one more tool in the toolbox to budget prudently, protect taxpayers, and take advantage of the open market principles which are driving down tax and energy costs around the nation. We can realize the same benefits of the free market innovation here in Wisconsin.”

I found no evidence the sale of a public water utility to a private company lowered rates or provided higher quality service.

“I’m really concerned people will think this won’t happen in Wisconsin,” Glory Adams told me. “The problem is, they’ve taken so much away from the DNR and they’ve changed so many rules.”

She continued, “I get really concerned the PSC would be voting to approve these sales. Look at the members of the PSC, they are all appointed by the governor.”

The PSC does play a critical role in the sale of public utilities. Under current law, a city that wanted to sell its water or sewer utility would pass a resolution or adopt an ordinance and send a proposal to the PSC. If the PSC determined the sale was in the best interest of the municipality and its people, they would set a price and other terms of the sale. A majority of citizens in a referendum must then approve the sale.

As amended, AB 554 would allow (not require) a citizen vote only before action by the PSC and only if 10% of the voting population signs a petition asking for a vote. These strange rules set up a situation ripe for shenanigans by local officials.

Senator Dave Hanson, in a recent Green Bay press conference, described what happens after a community sells off its water.

“As the residents in communities where Aqua takes over their water soon find out, Aqua and corporations like them are not responsive to the people they serve. They are not accountable to anyone. They make their profits by cutting staff, cutting corners and raising rates—knowing full well that their “customers” have nowhere else to turn to get their water.”

Selling off water utilities to unaccountable out-of-state companies is a bad idea. The people own water and sewer utilities for a reason. Clean water and functioning sewer is essential to life. Let’s stop this bill now.