

The Intelligencer

Bucks: Are we getting soaked?

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The Philadelphia Water Department last week defended its decision to raise Bucks County water and sewer costs more than it raised those of city customers.

“The rules of procedure, if you will, for rate setting really dictate that we charge the people who benefit with the appropriate costs,” said Joe Clare, the city deputy commissioner of finance. “We have fairly sophisticated cost analysis systems.”

Still, the Bucks County Water and Sewer Authority wants to know why its rates are going up during four years nearly 50 percent for water and 45 percent for sewer while city customers will see an increase of 27 percent during the same time period.

The Bucks authority made efforts to reduce the impact to its customers. One management employee was laid off, the authority plans to eliminate more positions through attrition and it will restructure debt.

That means customer increases will vary from about 9 percent to 25 percent for one year, depending on whether they get their water and sewer directly from the authority or if the authority is the wholesale provider to the municipal entity supplying them the service. Most of the authority’s customers are concentrated in the lower parts of the county, although it provides sewer service to some communities in Central Bucks.

Bucks authority solicitor Jeffrey Garton sent letters to the city, one of which said the authority believes the increases “far exceed the rate of inflation.”

“The authority believes that the wholesale customers are supporting, in part, the city’s retail customer base,” Garton continued.

In the other letter, Garton requested last fiscal year’s annual financial report and bills other city departments charge to the water department. The authority and the city are in the process of setting up a meeting.

“We would like answers on how they determined the massive rate increase,” said authority spokesman Pat Cleary.

City water department officials said none of its other customers requested such a meeting.

The city levied rate hikes on all its customers, including the 53 municipalities that deliver their waste water to the city for treatment and its two water customers, the Bucks authority and Aqua Pennsylvania.

The city cites various reasons for increasing rates. Prices for gasoline, water treatment chemicals, electricity and sludge disposal have all gone up, Clare said.

"We have some very, very substantial cost increases that we need to pass on to our wholesale customers," he said.

But Cleary said the authority still wants to know if the increased expenses justify the hikes.

"Almost everything has gone up," he said. "Gas prices drive the cost of a lot of things."

Some costs are unique to Bucks, the city said. For example, waste water from the county must be treated with sodium hypochlorite, or bleach, to reduce odors as it flows through the Northeast. Also significant is the cost of running the Baxter Treatment Plant, where Bucks' waste water is treated.

The plant used to be the city's cheapest to operate due to its size and proximity to the Delaware River. But, Clare said in recent years the sewage has had to be treated with activated carbon, a cost that has jumped to \$3.4 million a year.

"One of things driving this rate increase is the cost of the Baxter plant has started to catch up with two other plants," he said.

The city says Bucks will benefit from continued plant security and water-quality security improvements to protect against terrorist attacks. Clare also stressed that the city has imposed increases on the Bucks authorities for the past four years, "so it should be no surprise to Bucks County or anyone familiar with our financial situation."

Including these increases, the city has raised the authority's water rates a total of 127 percent and sewer rates a total of 108 percent since 2001, Cleary said.

The authority, a county-owned utility, has 102 employees and serves 380,000 retail and wholesale customers. Its 2008 budget was \$57.8 million, all of which comes from ratepayers.

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