

The Customer Cost Impact Of Act 12 Acquisitions

Introduction

It is pretty well understood that your water or sewer bill will go up after a for-profit utility buys your municipal water or sewer system. This page documents the increases for five sewer acquisitions by Aqua PA. All five were Act 12 acquisitions. That means that Aqua paid an elevated price for the utility and that requires higher rates to pay off the cost. Also, all five have gone through two rate increase cycles. The five systems are:

Limerick - 5,400 customers, \$64 million purchase price, sold July-2018

East Bradford - 1,200 customers, \$5 million purchase price, sold December-2018

Cheltenham - 10,000 customers, \$50 million purchase price, sold December -2019

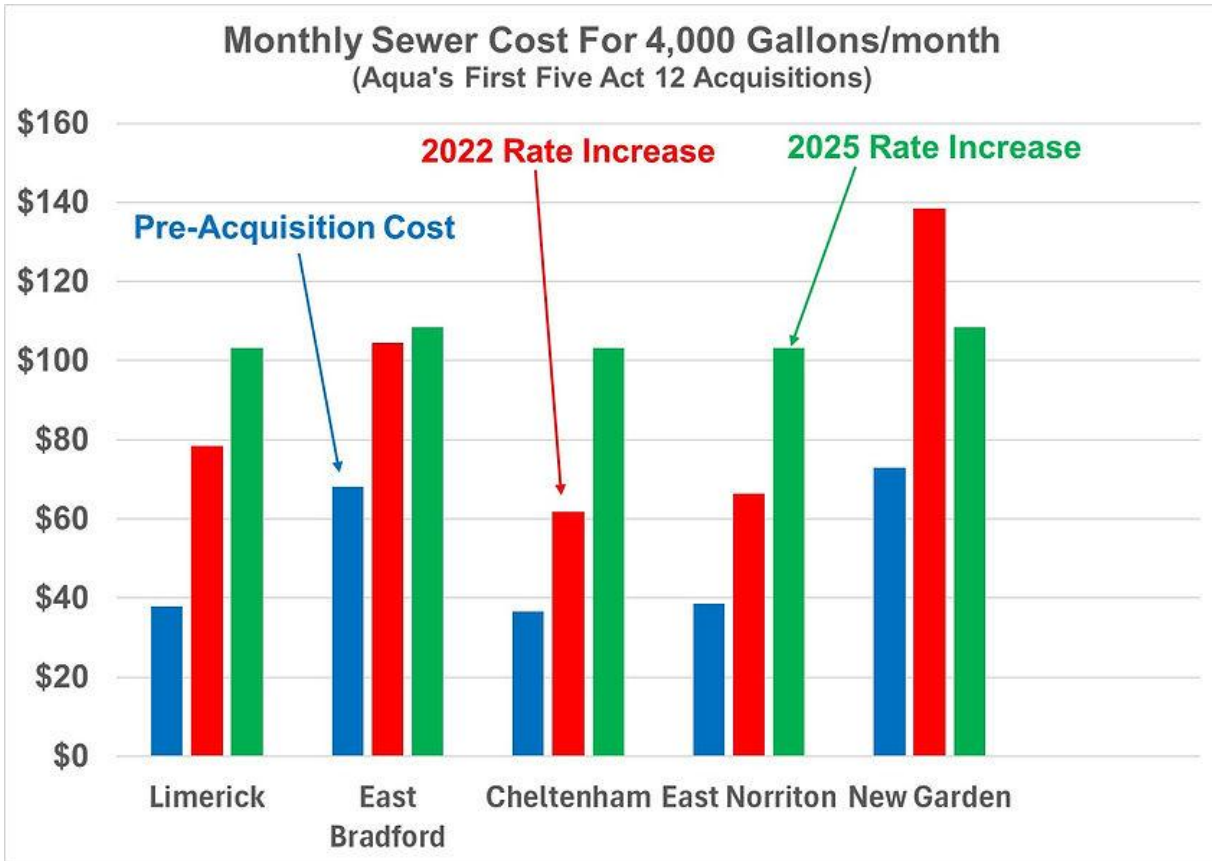
East Norriton - 5,000 customers, \$20 million purchase price, sold June-2020

New Garden - 2,100 customers, \$29 million purchase price, sold December-2020

What follows are charts, tables and discussion on how the residential customers of these systems have been impacted.

How Two Rate Increases Impacted A "Typical" User

The impact of the rate increases varies depending on consumption. The following chart is for a "typical" customer using 4,000 gallons per month. If your use is significantly different, you can find more information on the other charts and tables.



Key observations about this chart:

#1 - Everyone saw a significant increase with the first rate hike in 2022.

#2 - The 2025 rate increase shows mixed results. Three of the five (Limerick, Cheltenham and East Norriton) saw second big increases. East Bradford saw only a modest increase. And, New Garden actually saw a rate decrease.

#3 - After the 2025 rate increase all five had essentially equal rates (green bars). This is the result of combining the acquisitions into existing Aqua rate zones. Instead of being "special acquisition zones", they are now a part of Aqua's "normal" business. This is largely because the Public Utility Commission required separate rate zones for each acquisition until the first rate case was complete.

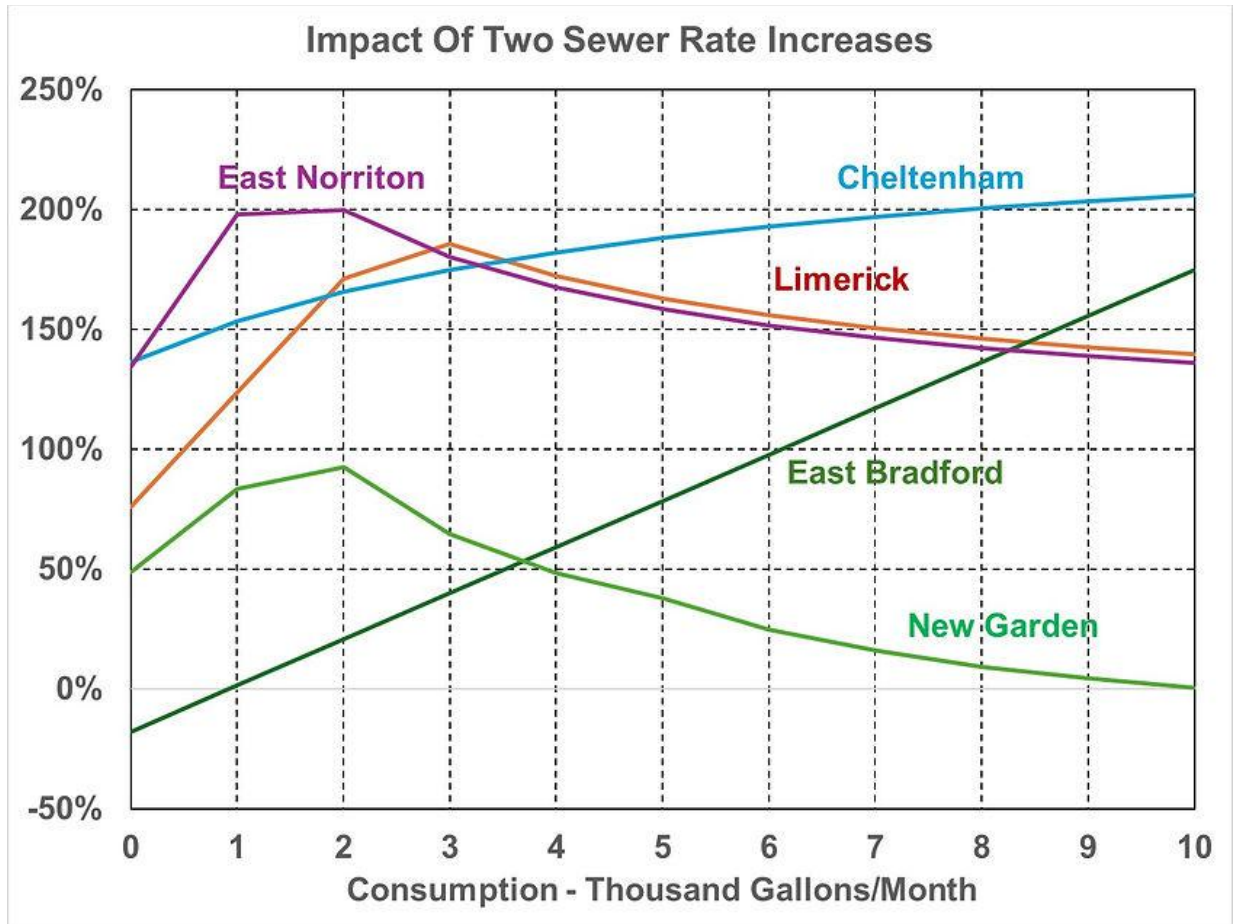
#4 - Limerick, Cheltenham and East Norriton started out with very low rates - less than \$40/month. After the 2025 increase they are paying over \$100/month - more than a 150% increase. That is the very definition of "Rate Shock".

#5 - East Bradford started with higher initial costs - on the order of \$70/month. Therefore, their total increase was a bit less at 60%

#6 - New Garden also started with higher initial cost, but the 2022 rate increase was a whopper, about 90%. The 2025 rate change was actually a decrease, bringing the total increase back to about 50%.

How Consumption Impacts Your Rate Increase

As noted above, the impact of the rate increases varies depending on consumption. The following chart shows the percentage increase for a wide range of volumes. This is for the total increase since the time of acquisition. In other words, the 2022 and 2025 rate increases are combined into one total increase.



Key observations about this chart:

#1 - East Bradford is a bit unusual. It shows a small decrease for zero water use and then increases in a straight line. This is because East Bradford was on a fixed monthly cost, regardless of consumption. Aqua has changed that, slightly reducing the monthly charge, but adding a consumption charge.

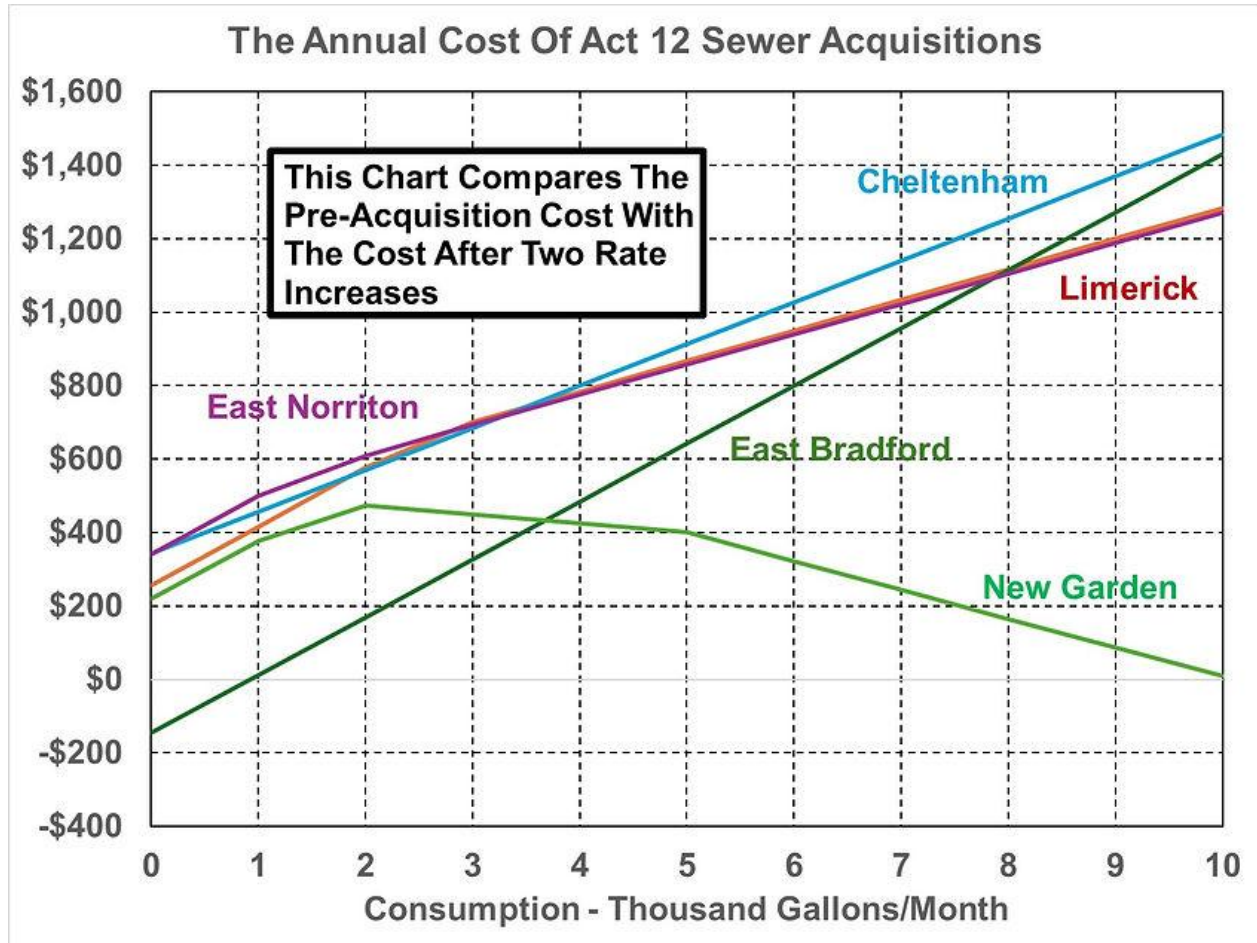
#2 - Nearly all of Limerick, Cheltenham and East Norriton customers have seen a doubling of rates. Some of the low consumption East Norriton customers have seen their rates almost triple.

#3 - New Garden is an interesting situation. The zero use customer saw about a 50% increase. That rapidly increased for low use customers and then declined to almost zero increase for very large use customers.

#4 - Cheltenham starts at nearly a 2 1/2 fold increase and steadily increases to a tripling of rates.

How Much Has My Cost Gone Up?

The following chart shows how much more you are paying for sewer service as a result of the acquisition. This can be viewed as the "back door" tax the municipality placed on its customers in exchange for the "candy jar" windfall realized from the sale.



Key observations about this chart:

#1 - Most customers are paying at least \$400/year more.

#2 - Many are paying over \$1,000/year.

#3 - Very large consumers in New Garden are seeing essentially no change. However, those customers were paying about an 80% increase until the 2025 rates went into effect.

#4 - The very low East Bradford customer saw a slight savings or no change. This is because of the fixed rate cost system noted above.

Specific Questions? See The Following Data Tables

The following sections tabulate rate data for each of the municipalities.

Limerick							
	Monthly Cost	May-2022		Feb-2025			
Monthly Use	When Acquired	Monthly Cost	Increase	Monthly Cost	Increase	Combined Increase	Annual Increase
0	\$28.10	\$42.13	49.9%	\$49.41	17.3%	75.8%	\$255.72
1	\$28.10	\$51.23	82.3%	\$62.83	22.6%	123.6%	\$416.75
2	\$28.10	\$60.33	114.7%	\$76.25	26.4%	171.3%	\$577.78
3	\$31.38	\$69.43	121.3%	\$89.67	29.1%	185.8%	\$699.50
4	\$37.84	\$78.53	107.6%	\$103.09	31.3%	172.5%	\$783.01
5	\$44.30	\$87.64	97.8%	\$116.51	32.9%	163.0%	\$866.52
6	\$50.76	\$96.74	90.6%	\$129.92	34.3%	156.0%	\$950.03
7	\$57.22	\$105.84	85.0%	\$143.34	35.4%	150.5%	\$1,033.53
8	\$63.68	\$114.94	80.5%	\$156.76	36.4%	146.2%	\$1,117.04
9	\$70.14	\$124.04	76.9%	\$170.18	37.2%	142.6%	\$1,200.55
10	\$76.60	\$133.14	73.8%	\$183.60	37.9%	139.7%	\$1,284.06

East Bradford							
	Monthly Cost	May-2022		Feb-2025			
Monthly Use	When Acquired	Monthly Cost	Increase	Monthly Cost	Increase	Combined Increase	Annual Increase
0	\$68.09	\$57.61	-15.4%	\$55.93	-2.9%	-17.9%	-\$145.92
1	\$68.09	\$69.35	1.8%	\$69.06	-0.4%	1.4%	\$11.59
2	\$68.09	\$81.08	19.1%	\$82.18	1.4%	20.7%	\$169.10
3	\$68.09	\$92.82	36.3%	\$95.31	2.7%	40.0%	\$326.62
4	\$68.09	\$104.56	53.6%	\$108.43	3.7%	59.3%	\$484.13
5	\$68.09	\$116.30	70.8%	\$121.56	4.5%	78.5%	\$641.64
6	\$68.09	\$128.03	88.0%	\$134.69	5.2%	97.8%	\$799.15
7	\$68.09	\$139.77	105.3%	\$147.81	5.8%	117.1%	\$956.66
8	\$68.09	\$151.51	122.5%	\$160.94	6.2%	136.4%	\$1,114.18
9	\$68.09	\$163.24	139.7%	\$174.06	6.6%	155.6%	\$1,271.69
10	\$68.09	\$174.98	157.0%	\$187.19	7.0%	174.9%	\$1,429.20

Cheltenham

	Monthly Cost	May-2022		Feb-2025			
Monthly Use	When Acquired	Monthly Cost	Increase	Monthly Cost	Increase	Combined Increase	Annual Increase
0	\$20.89	\$32.42	55.2%	\$49.41	52.4%	136.5%	\$342.24
1	\$24.80	\$39.77	60.4%	\$62.83	58.0%	153.3%	\$456.35
2	\$28.71	\$47.12	64.1%	\$76.25	61.8%	165.6%	\$570.46
3	\$32.62	\$54.47	67.0%	\$89.67	64.6%	174.9%	\$684.56
4	\$36.53	\$61.82	69.2%	\$103.09	66.8%	182.2%	\$798.67
5	\$40.44	\$69.17	71.0%	\$116.51	68.4%	188.1%	\$912.78
6	\$44.35	\$76.52	72.5%	\$129.92	69.8%	193.0%	\$1,026.89
7	\$48.26	\$83.87	73.8%	\$143.34	70.9%	197.0%	\$1,141.00
8	\$52.17	\$91.22	74.9%	\$156.76	71.9%	200.5%	\$1,255.10
9	\$56.08	\$98.57	75.8%	\$170.18	72.6%	203.5%	\$1,369.21
10	\$59.99	\$105.92	76.6%	\$183.60	73.3%	206.1%	\$1,483.32

East Norriton

	Monthly Cost	May-2022		Feb-2025			
Monthly Use	When Acquired	Monthly Cost	Increase	Monthly Cost	Increase	Combined Increase	Annual Increase
0	\$21.08	\$35.57	68.7%	\$49.41	38.9%	134.4%	\$339.96
1	\$21.08	\$43.30	105.4%	\$62.83	45.1%	198.1%	\$500.99
2	\$25.44	\$51.02	100.5%	\$76.25	49.4%	199.7%	\$609.67
3	\$31.98	\$58.75	83.7%	\$89.67	52.6%	180.4%	\$692.22
4	\$38.52	\$66.47	72.6%	\$103.09	55.1%	167.6%	\$774.77
5	\$45.06	\$74.20	64.7%	\$116.51	57.0%	158.5%	\$857.31
6	\$51.60	\$81.93	58.8%	\$129.92	58.6%	151.8%	\$939.86
7	\$58.14	\$89.65	54.2%	\$143.34	59.9%	146.5%	\$1,022.41
8	\$64.68	\$97.38	50.5%	\$156.76	61.0%	142.4%	\$1,104.96
9	\$71.22	\$105.10	47.6%	\$170.18	61.9%	138.9%	\$1,187.51
10	\$77.76	\$112.83	45.1%	\$183.60	62.7%	136.1%	\$1,270.05

New Garden

	Quarterly Cost	May-2022		Feb-2025			
Quarterly Use	When Acquired	Quarterly Cost	Increase	Quarterly Cost	Increase	Combined Increase	Annual Increase
0	\$112.91	\$136.38	20.8%	\$167.79	23.0%	48.6%	\$219.52
3	\$112.91	\$206.16	82.6%	\$207.17	0.5%	83.5%	\$377.03
6	\$128.08	\$275.93	115.4%	\$246.55	-10.7%	92.5%	\$473.86
9	\$173.59	\$345.71	99.2%	\$285.92	-17.3%	64.7%	\$449.34
12	\$219.10	\$415.49	89.6%	\$325.30	-21.7%	48.5%	\$424.81
15	\$264.61	\$485.27	83.4%	\$364.68	-24.8%	37.8%	\$400.28
18	\$323.56	\$585.57	81.0%	\$404.06	-31.0%	24.9%	\$321.99
21	\$382.51	\$685.88	79.3%	\$443.44	-35.3%	15.9%	\$243.70
24	\$441.46	\$786.18	78.1%	\$482.81	-38.6%	9.4%	\$165.42
27	\$500.41	\$886.49	77.2%	\$522.19	-41.1%	4.4%	\$87.13
30	\$559.36	\$986.79	76.4%	\$561.57	-43.1%	0.4%	\$8.84