Lucio Legislation Helps Small Cities Provide Clean Water

Austin, TX – Senator Eddie Lucio (D-Brownsville), authored legislation which provides an optional tool for small cities struggling to provide clean water to their communities.

Aqua America Says New Texas Fair Market Value Law for Water Utilities Benefits Municipalities and Customers

BRYN MAWR, Pa.--(BUSINESS WIRE)--Aqua America Inc. (NYSE: WTR) today said a new Texas law will allow regulated water companies like Aqua to pay a fair market value for the purchase of water and wastewater systems, benefiting local governments and other water utility owners, customers and the environment. Before these changes, system values were determined by their depreciated original cost, which generally did not reflect a reasonable market value for those assets and became a barrier to a sale.

Aqua America Chairman and CEO Christopher Franklin said the new law encourages consolidation in the fragmented water and wastewater industry, enabling resources to be shared among a larger service area, which ultimately benefits customers.

Franklin also noted the benefits of the law to municipal water utilities. “The new fair market value law offers important solutions to Texas municipalities that face the challenges and costs of maintaining and operating water and wastewater utilities,” said Franklin. “Aqua can help ensure communities have a strong infrastructure, safe water and reliable service both now and in the future. At the same time, local governments can use the proceeds of a utility sale to fund meaningful initiatives and services for their residents.”

Texas has become the seventh state in Aqua’s service area to pass legislation providing the opportunity for municipal utilities to receive a fair market value for their systems. The Texas legislators who introduced the fair market value bills in the House and Senate described how the new law could help local governments and their residents.

“The fair market value legislation is a helpful optional tool for small cities who are struggling to provide safe, clean water to their residents at an affordable price,” said Sen. Eddie Lucio, Jr. (D-Brownsville), who sponsored the Senate bill.

The House bill sponsor, Rep. Dade Phelan (R-Beaumont), noted, “Giving small cities the option to sell all or part of their failing water and wastewater assets through the use of fair market value legislation unlocks a great deal of capital that may be put to better use, whether that is paying down debt, making other infrastructure improvements, or investing in economic development or other municipal initiatives and services.”
Aqua Texas President Bob Laughman said Aqua is committed to protecting public health and the environment, improving service and meeting demand for the customers it serves. “Safe, reliable and environmentally friendly drinking water and wastewater systems are essential to every community. This new law gives my team the opportunity to extend these benefits to more towns and residents throughout Texas.”

In 2017, the American Society of Civil Engineers gave Texas’ drinking water and wastewater systems grades of D+ and D, respectively, based on physical condition and needed funding for improvements.