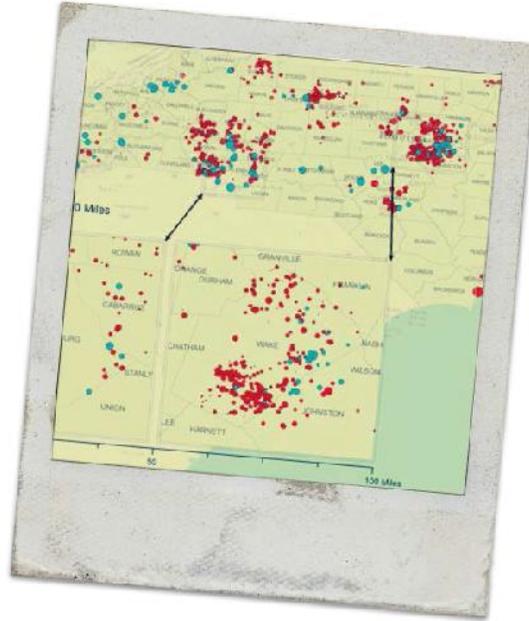


The Stealthy Takeover of NC Drinking Water: A Snapshot of Corporate Privatization

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Executive Summary:

In rural and suburban North Carolina, very small drinking water systems are common sources of household drinking water, typically drawing groundwater from one or more wells. Two profitable investor-owned corporations, Aqua America and Utilities Inc., have quietly purchased many of these systems over the past two decades, and enjoy favorable treatment by state regulators, who have allowed them to repeatedly hike customer rates without adequate oversight to ensure that water quality and maintenance of infrastructure like pipes, tanks and pumps are adequately attended to.

Maps of each company's water systems reflect the companies' different growth strategies: Aqua America is aggressively seeking out small, aging water systems, while Utilities Inc.'s systems are generally larger and they have focused on buying more valuable systems with long-term potential. Both companies serve thousands of customers in rural and suburban areas outside the large cities of Raleigh, Charlotte, and Winston-Salem.

Maps of drinking water systems with water quality violations between 2005 and 2012 show that many corporate-owned systems have struggled with non-compliance despite charging high customer rates. There are several particular counties, such as Cumberland County, where groundwater contaminants affect multiple systems. A lack of violations does not necessarily rule out water quality problems: small systems are not required to monitor as frequently as larger ones, so violations could be slipping through the cracks, and iron and manganese, common naturally-occurring groundwater contaminants, are not considered direct public health threats and do not have federally enforceable drinking water standards.

The spread of corporate, privatized water systems has impacted hundreds of thousands of NC residents, including low-income, minority, and rural communities who are particularly vulnerable to steep rate hikes and poor service.