



# City of McKeesport

## \$95 million investment in water quality and environmental performance

### Investment Spotlight

Eliminating Raw Sewage Discharges in Port Vue and Dravosburg

Before Pennsylvania American Water acquired the City of McKeesport wastewater system, an area of Port Vue had been illegally discharging sewage into an old mine shaft. As a condition of acquiring the system, PA DEP required a remedy for the 40+ residences unknowingly, illegally discharging their sewage into abandoned mines.

Pennsylvania American Water has invested \$3 million to construct two new sewage systems. The project involves rerouting piping to the treatment plant, fully sealing the mine, and rebuilding stormwater piping. Without addressing these challenges, the customer rates in McKeesport would have significantly increased, if the City had to complete the DEP-required system upgrades on their own. Plus, the environmental cost of not investing would be far greater as the sewer waste would continue to seep into the local drinking water supply and eventually the Monongahela River.



10-2025

### The Challenge

Like many Pennsylvania municipalities, the City of McKeesport faced competing budgetary challenges. In 2013, the Municipal Authority of the City of McKeesport decided to monetize the city's wastewater system to prevent the City from declaring municipal bankruptcy, maintain a high level of wastewater service, and keep wastewater rates affordable. As a result, in 2015, the City began its search for a regional partner to address these challenges.

### The Solution

In December 2017, the Pennsylvania Department of Environmental Protection issued a consent order, requiring major upgrades to the plant and collection systems that were illegally discharging untreated sewage into the surrounding community, requiring immediate repairs to the city's wastewater system. To meet and finance the required wastewater system repairs, the City sold the system to Pennsylvania American Water. The sale allowed the City to avoid bankruptcy and wisely invest the \$40 million net proceeds into stabilizing wastewater rates, enhancing customer service, and financing various upgrade projects.

### The Benefits

- \$40 million net proceeds
- Launched "McKeesport Rising Project" to eliminate blight; purchase new paving equipment and increase street paving; and safe market based investments
- Stabilized wastewater rates
- McKeesport employees offered employment with American Water

### Investments in Infrastructure

Since acquiring the system in 2017, Pennsylvania American Water has already invested nearly \$96 million in McKeesport's wastewater infrastructure with plans to invest tens of millions over the next 5 years.

These strategic investments will improve the water quality in the Youghiogheny and Monongahela Rivers, achieve environmental compliance, improve reliability, and support major system upgrades.

In Port Vue Borough specifically, Pennsylvania American Water's investment amounted to \$5,400 per customer - the amount customers did not have to bear due to Pennsylvania American Water's ability to spread investment costs across the company's large customer base.

### PENNSYLVANIA AMERICAN WATER INVESTMENTS IN MCKEESPORT

Year	Investment
2018	\$2,486,186.20
2019	\$19,210,776.93
2020	\$12,790,635.73
2021	\$10,590,652.63
2022	\$11,831,909.54
2023	\$27,985,033.62
2024	\$10,978,383.18
<b>Total</b>	<b>\$95,873,577.83</b>

"The crux of this transaction is bringing financial stability to the City of McKeesport and saving our taxpayers from Act 47 municipal bankruptcy. When we think about it, the privatization of local sewage services truly makes sense. The City isn't involved in other utility businesses - gas, electric, water - and this is a final step in providing consistent, regulated utility services to our community."

-Michael Cherepko, Mayor of McKeesport