

The Truth about Private Water Service Providers

Most Americans receive water service from community water and wastewater utilities. It is less known that private water companies own nearly 16 percent of the nation's community water systems, and around 2,000 government entities contract with private companies to provide water and/or wastewater service in a public-private partnership.

FACT: Private Water Service Providers Are Extremely Responsive to Their Customers

Private water service providers are extremely responsive to customers and their concerns. In fact, systems operated by a private contractor (public-private partnerships) typically have contracts that provide for continual community oversight, and have termination clauses if strict performance criteria for cost, quality and customer service are not met.

Similarly, privately owned utilities are among the most heavily regulated industries in the country, and thus are necessarily responsive to customers. In addition to health and environmental regulations that all utilities must follow, privately owned utilities are also economically regulated by various state Public Utility Commissions (PUCs), which set and approve rates, monitor compliance with health standards and assure sound capital investments and good service.

FACT: Private Water Service Providers Often Collaborate With Municipalities to Deliver Value and Savings to Customers

It has been demonstrated in communities throughout the United States that public-private partnerships between municipalities and private entities can save customers anywhere from 10 to 40 percent compared to purely municipal operations. These savings are realized through effective cost controls, innovations, economies of scale and sound asset management practices.

NAWC members run very efficient utilities in part because they use business or enterprise accounting, resulting in the public's clear understanding of the costs of all aspects of water service. However, with municipally run utilities, there are often complex and opaque governmental cross-subsidizations, resulting in the customer not knowing the true cost of service and not valuing the truly precious nature of water resources.

When municipalities work in tandem with private water service providers, the end result is likely to be more efficient and a better value for the customer.

FACT: Private Water Utilities Are Responsible Stewards of Environmental Resources and Leaders in Green Innovation

The first priorities for water utilities are the health of their customers and good environmental stewardship, no matter the model of ownership or operation. The U.S. Environmental Protection Agency (EPA) and the individual states make no distinction between ownership or operational models when it comes to environmental and health protection. All utilities must meet state and EPA water standards.

Private water service providers — in both the privately owned and public-private partnership business models — care deeply about protecting both the health of the customers they serve and the environment in general. They make it their top priority to meet — and often exceed — all state and federal health and environmental regulations.

Additionally, America's private water service providers have set conservation standards for the entire industry by initiating and implementing sustainable initiatives focused on supporting green buildings and infrastructure, wind and solar power, biodiversity and community conservation and education programs. For example, American Water partnered with New York City's Battery Park City Authority to develop on-site wastewater, stormwater treatment and recycling systems for the first green high-rise apartment building in the U.S. to receive Leadership in Energy and Environmental Design (LEED) Gold certification.

FACT: Public Health is a Top Priority of the Private Water Industry

Public health — and meeting public health and environmental standards established by the government — is the top priority of private water service providers industry. This responsibility includes aggressive research into all compounds that can be found in water, including pharmaceuticals. While current research performed by government and academics strongly indicate that the trace levels of pharmaceuticals found in tap water are not affecting human health, NAWC and our member companies believe that awareness of the challenges facing utilities can only lead to safer water and better regulation.

FACT: Water Utility Employees Often Benefit When Working For NAWC Members

Under public-private partnerships employees fare very well and can prosper. When these partnerships are formed, private companies readily agree to contract terms protecting existing employees, and compensation is maintained or increased. Furthermore, private industry, which often has various types of operations, offers employees greater opportunities for training and advancement than are available to employees of purely municipal utilities. Staff reductions, if they occur, generally do so only through attrition or termination for cause.

FACT: Private Companies are in the Business of Delivering Safe, Reliable Water, Not the Business of Owning Water as a Commodity

In any model of water service, e.g., municipally owned and operated utilities, privately owned and operated utilities or public-private partnerships, the ultimate control of the water itself stays in public hands. The utility, regardless of ownership/management model, treats the water to meet health and environmental regulations and efficiently delivers it to the public.

Water utilities are in the business of providing a service — delivering safe, reliable water at the tap.

FACT: Private Utilities Encourage Water Conservation

For private water service providers full cost-of-service rates are standard. This rate structure sends a clear signal to the customer regarding the true value of water, thus helping to encourage conservation.

Conversely, many municipalities mask the true cost of water with various hidden subsidies. The public, paying rates below the true cost of providing the service, subsequently has little motivation to conserve.

FACT: There is Room for Multiple Ownership Models in the Provision of Water Service

Every day in America, excellent service and good value are demonstrated by privately owned utilities, municipal utilities and public-private partnerships. The private sector has an excellent track record for providing water service in the United States. Privately owned and operated water utilities have successfully met thousands of American communities' needs for more than 150 years.

The system works to the customer's advantage, with the private partner taking on virtually all of the risk and the municipality and the customer taking on very little. Our long history and the fact that more than 93 percent of public-private partnerships are renewed annually indicate that that the vast majority of customers are satisfied with the service provided by private water service providers.