



**TRUTH FROM  
THE TAP**

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# FREQUENTLY ASKED QUESTIONS ABOUT PRIVATE WATER

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## WHAT DOES A WATER COMPANY DO?

Think of a water company as a delivery service – but instead of delivering packages to your front door, these companies deliver water to your faucet and efficiently take wastewater away. Just like a municipal system, water companies are responsible for making sure the water is clean and safe and that the infrastructure – the pipes, pumps and treatment facilities – is up and running.<sup>1</sup>

## DO WATER COMPANIES OWN THE WATER?

Private water operators are in the business of providing water services – delivering safe, reliable water at the tap, and operating efficient wastewater systems – not owning water.<sup>2</sup>

## WHAT IS A PUBLIC-PRIVATE PARTNERSHIP AND HOW COMMON ARE THEY?

A public-private partnership is an agreement between a city, town or county and a private company. Public-private partnerships allow municipalities to leverage best practices and strengths of both government and private enterprise to provide important services like delivering your drinking water. Public-private partnerships aren't a new idea – in fact, they've been around for more than 200 years. More than 2,000 water and wastewater facilities across the country are operated under public-private partnership arrangements. Just like municipal systems or private utilities, public-private partnerships are an important option for meeting local water needs.<sup>3</sup>

## HOW MANY AMERICANS ARE SERVED BY PRIVATE WATER COMPANIES?

The private water industry serves more than 73 million Americans. Water companies produce 4.6 billion gallons of water every day, 1.7 trillion gallons per year, and maintain 100,000 miles of water pipes to serve their customers.<sup>4</sup>

## WHAT ARE THE ADVANTAGES OF WORKING WITH A WATER COMPANY?

Water companies are experts at what they do. Municipalities often partner with a water company because water companies can efficiently and affordably provide critical water services. Because many private water systems are regionalized, they have the ability to provide economies of scale and a high level of efficiency. Nationwide affiliations and mass purchasing power also give water companies the ability to gain significant savings on the cost of fire hydrants, valves, pipes and meters.<sup>5</sup>

## HOW ARE MY WATER RATES DECIDED?

Just like under public operations, a water company's rates are set and approved by public officials – by the municipality, the state public utility commission or another public authority. No matter the model, rate setting is always a public process with opportunity for input by all interested individuals and groups.<sup>6</sup>

### WILL MY RATES GO UP IF MY CITY WORKS WITH A WATER COMPANY?

Your water rates won't go up just because a water company is operating your system. Private operators have strong incentives to operate as efficiently as possible, and public-private partnerships have been shown to lower a system's costs by 24 percent on average. No matter what the model – public or private – the main driver of rate increases is investment to improve or maintain the infrastructure needed to provide better and more reliable service, and rate increases are always decided with significant public input.<sup>7</sup>

### DO PRIVATE WATER COMPANIES COMPLY WITH THE SAME QUALITY AND PUBLIC HEALTH STANDARDS AS PUBLIC WATER PROVIDERS?

Yes, just like under municipal operation, water companies must comply with all state and federal water quality standards. In fact, our country's largest water companies have "near perfect" records in delivering water compliant with the Safe Drinking Water Act, according to a 2012 American Water Intelligence (AWI) analysis of EPA data.<sup>8</sup>

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1 "The Truth About Private Water Service Providers," NAWC Factsheet, 2010

2 "The Truth About Private Water Service Providers," NAWC Factsheet, 2010

3 "Quick Facts on U.S. Water Public-Private Partnerships," NAWC Factsheet; "The Truth About Private Water Service Providers," NAWC Factsheet, 2010; California State Auditor, "Antelope Valley Water Rates," Report 2013-126, July 2014; Deloitte & Touche USA, "Regulated utilities manual: A service for regulated utilities," Feb. 2004

4 Public Works Financing, "PWF's 18th Annual Water Partnerships Survey," March 2014

5 "The Truth About Private Water Service Providers," NAWC Factsheet, 2010; California State Auditor, "Antelope Valley Water Rates," Report 2013-126, July 2014; Deloitte & Touche USA, "Regulated utilities manual: A service for regulated utilities," Feb. 2004; Private Water Financing, "PWF's 18th Annual Water Partnerships Survey," March 2014

6 California State Auditor, "Antelope Valley Water Rates," Report 2013-126, July 2014; Deloitte & Touche USA, "Regulated utilities manual: A service for regulated utilities," February 2004; Columbia University Press / James C. Bonbright, "Principles of Public Utility Rates," 1961

7 "Establishing Public-Private Partnerships for Water and Wastewater Systems: A Blueprint for Success," Water Partnership Council, 2003; "NAWC Knowledge Center: FAQ," NAWC

8 "Investor-Owned Water Firms Boast Sterling SDWA Record," Global Water Intelligence, Oct. 2011; "The Truth About Private Water Service Providers," NAWC Factsheet, 2010; "Quick Facts on U.S. Water Public-Private Partnerships," NAWC Factsheet