



**TRUTH FROM
THE TAP**

FREQUENTLY ASKED QUESTIONS ABOUT WATER COMPANIES

Do you have questions about what a water company does or about how communities benefit from water companies' operational expertise and investment? Read on for answers to some frequently asked questions about America's water companies.

WHAT DOES A WATER COMPANY DO?

Water companies provide communities with professional operation and management of their drinking water and wastewater systems. As community drinking water systems face increasingly stringent water quality standards and new threats from unhealthy contaminants like PFAS, some local governments may find themselves in need of assistance to keep safe and reliable water flowing to their residents. Water companies provide local governments with the operations expertise and infrastructure investments necessary to provide safe drinking water and wastewater services.

WHAT ARE THE ADVANTAGES OF WORKING WITH A WATER COMPANY?

Water companies provide dedicated expertise, access to capital for urgent infrastructure needs, and access to new technologies that lower costs and improve service. Furthermore, America's water companies have an unparalleled water quality record. EPA data show that drinking water systems run by water companies are significantly less likely to violate federal drinking water standards than systems run by local governments. In addition, because their operations are often regionalized, water companies have the ability to provide greater economies of scale and operational efficiencies than local governments.¹

WHY WOULD A LOCAL GOVERNMENT DECIDE TO WORK WITH A WATER COMPANY?

Drinking water quality standards are becoming increasingly stringent, and some local governments may find themselves in need of assistance to keep their communities safe. Others may face massive and urgent infrastructure needs that require financing capacity and operations expertise that water companies can provide. And some local governments simply want to focus on other urgent priorities and benefit from knowing that professionals are in charge of running their water and wastewater systems. Whatever the reason, water companies stand ready to assist local governments with their unique water challenges.

HOW MANY AMERICANS ARE SERVED BY PRIVATE WATER COMPANIES?

America's water companies serve more than 73 million customers across all 50 states. Water companies treat and distribute 4.6 billion gallons of drinking water to customer taps every day – 1.7 trillion gallons per year – and maintain more than 100,000 miles of water pipes.

DO WATER COMPANIES OWN OR CONTROL WATER RIGHTS?

No. Water companies operate water systems – the pipes, pumps, treatment facilities, and other infrastructure necessary to deliver clean drinking water to households and businesses. Under all models of water company operations, control and management of the source water itself does not change and remains in public hands, typically under the purview of a state water resource management agency.

DO WATER COMPANIES GET TO SET THEIR OWN RATES?

Water companies never set their water rates.

Under the regulated model of water company operations, rates are set by a state government agency called a public utility commission. These independent, expert regulators determine the rates needed to operate the system and deliver safe drinking water. Experts have noted that this process enhances transparency and consumer protection in comparison to the rate setting process for local government systems, which are not subject to state utility commission regulation.²

ARE WATER COMPANIES SUBJECT TO THE SAME QUALITY AND PUBLIC HEALTH STANDARDS AS LOCAL GOVERNMENT WATER PROVIDERS?

Yes. Water companies must comply with all state and federal water quality standards. America's water companies have an unparalleled water quality record. EPA data show that drinking water systems run by water companies are significantly less likely to violate federal drinking water standards than drinking water systems run by local governments.³

1 Allaire, Wu and Lall, PNAS, "National Trends in Drinking Water Quality" Feb. 2018; Konisky and Teodoro, American Journal of Political Science, "When Governments Regulate Governments" Sept. 2015; American Water Intelligence, "Investor-owned water firms boast sterling SDWA record" Oct. 2011

2 NRDC, "Water vs. Energy: Solving the COVID-19 Utility Crisis" 12/17/2020

3 Allaire, Wu and Lall, PNAS, "National Trends in Drinking Water Quality" Feb. 2018; Konisky and Teodoro, American Journal of Political Science, "When Governments Regulate Governments" Sept. 2015; American Water Intelligence, "Investor-owned water firms boast sterling SDWA record" Oct. 2011