



Customer Confidence and Going Beyond Standards

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What are we going to talk about?

- Current drinking water trends in Missouri.
- Current drinking water violation concerns.
- Trends in public perception of their drinking water.
- Outside pressure on consumer confidence.
- Permit compliance.
- Efforts by attorneys to create tort claims and class-style actions.
- EPA Health Advisories, emerging contaminants, and change in operator expectations as a result of Flint.
- Reviewing risk on new expansions.
- Rates, rate pressure, and risk of emerging contaminants in a tort environment.

Disclaimer

- This is a general discussion about the climate relating to providing drinking water under a changing public perception of service as a result of key cases and news. All fact situations are unique.
- The purpose of this discussion is to raise your awareness of a changing political and legal environment.

Missouri

- **96% of systems in compliance with MCLs in upcoming 2016 report!!**
- Up from previous year about 1%.
- Acute MCL violations are down from 2015.
- 90 contaminants are regulated under the Safe Drinking Water Act.
- Public water systems provide Consumer Confidence Reports required by law.

Current violation concerns

- Disinfection Byproducts
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- Radionuclides
- Small system cost to produce water
- Lead and copper rule compliance

Public perception of drinking water

- 63% of Americans worry a great deal about pollution of drinking water according to Gallup's annual environmental poll conducted March 1-5, 2017.
- “Americans tend to give a higher priority to environmental matters when the economy is healthy than when it is not.” I guess that means that Americans in 2017 believe that the economy is healthy.
- Drinking water contamination is the greatest environmental worry followed by pollution of rivers, lakes, and reservoirs 57%.
- Pollution of drinking water ranks 18% of greater concern than global warming or climate change! Based upon the media you would think that ALL Americans think about is climate change!
- Urban minorities (nonwhites) worry more about pollution of drinking water (80%) than whites (56%). Poorer Americans worry more about pollution of drinking water (75%) than those of better financial position (56%).

Why is this perception skewed versus the compliance statistics of Missouri systems?

- Four major failures drive negative perception and they are media “front page” or more accurately greatest number of hits on the internet:
- Milwaukee (1991) – cryptosporidiosis outbreak and 104 deaths. Largest waterborne disease outbreak in US history. 880,000 affected with disease.
- Toledo (2014) – algal neurotoxins created by cyanobacteria (blue green algae) and complete system shutdown caused by phosphorus and nitrogen from agricultural practices.
- Flint (2016) – stupid operational decisions resulting in corrosion of lead throughout the community.
- Greater reporting on natural disasters and system operational shutdowns from hurricanes, floods and tornadoes. USVI, PR, TX, FLA, LA, Houston all currently have system shutdowns and boil orders in effect. There are millions of people without public drinking water this month.

My system meets all State and Federal requirements

- Hooray for you. So what? How many people read your CCR? How often do you brag? Most operators take the position that they do not want any attention.
- Three people in your community can go online and start a crusade regarding a contaminant and destroy your system credibility in three days.
- Chlorine, chloramines, ammonia, bacteria, disinfection byproducts, trihalomethanes, metals on and on all can quickly become a platform for a zealous customer. Not to mention your source water quality. They do not understand that we TREAT the water to make it safe.
- You MUST take an active role in promoting your successful operation **WHEN YOU DO NOT HAVE PROBLEMS!** And if you have problems, it is in your interest for your customers to be engaged so they understand your requests for rate increases.

Plaintiffs' attorneys constant search for torts

- How many times have you seen the mesothelioma commercial on late night TV??
- Drinking water is one of the most direct pathways of cumulative harm to a body. Our job is to prevent that harm. We follow the regulations to meet that harm based upon a risk evaluation performed by EPA that is meant to reduce that risk.
- We use the best information to reduce the risk. But there are many things we don't treat for, many things we don't know of, many things that in the future will be the cause of conditions never expected. The concept of "you should have known" is alive and well in our business. Flint has added the element of "willing and knowing" to the drinking water business.
- Plaintiffs attorneys are looking for that opportunity. See Hannibal.

EPA health advisories, emerging contaminants, and change in operator expectations as a result of Flint

- The above create opportunities for customers and attorneys to question whether they are being harmed and have health risks as a result of our neglect.
- As each system is different, there is no template for an analysis of your expectations on non-regulated contaminants or emerging risks.
- Continued responsible communication of meeting all MCLs is the best tactic. To be able to say that you have actually examined these types of issues and are on top of the issues generates confidence and trust.

New plants and projects

- After Flint, demonstrating that the new or expanded facility design has considered risks of all contaminants, with an appropriate demonstration of costs, shared with voters on municipal systems, shifts the decision from the operator to the user/ratepayer. You can have the cleanest drinking water in the world provided you have the largest wallet!
- Other than federal requirements, having the users share in the cost decisions for “other” contaminants protects YOU.

Rates: Here is what the people see

- Rising health care costs with no resolution in sight
- Rising food costs – loss of competition and grocery store exits
- Explosive pharmaceutical costs
- Social Security cost of living adjustments – 2015 0.0, 2016 0.3
- Increased drinking water bills
- City governments providing less services
- Fixed income with little to no hope of increase
- Large increases in sewer rates in one year

In your face politics

- 300 cities defying Federal immigration law telling the Federal government to screw themselves as sanctuary cities.
- 29 states defying Federal drug laws allowing cannabis to be openly sold AND TAXED telling the Federal government to screw themselves.
- Bailouts for cities (Detroit, Flint) and soon States (Illinois) using the ratepayers tax money. Waiver of debt owed by cities to the Federal treasury for water treatment plants and sewage treatment facilities.
- Huge payouts for recovery to disaster communities with ratepayer tax money (including Sandy, Katrina, Harvey, Irma), including repairs to those cities' wastewater plants and sewer lines. Payments to cities following riots over statues and speaking engagements.
- BUT NOT THEIR TOWN! Nope, you law abiding citizens can fork over the bucks!

Conclusions

- Drinking water systems have an amazing compliance rate.
- Do not be shy about your successes. Brag about your compliance rates if your history so demonstrates. Use online resources to communicate with the public.
- Give them a reason to be proud of their water!
- Stay on top of issues in the public eye and know your answer before the question is asked.
- Hit the rubber chicken circuit when you are not asking for money. Help them predict the future.
- Remember that you control the portal to the most significant path for health risk.
- Let your customers be involved in decisions on risks that will affect their rates.

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