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**OHCHR REGISTRY**

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OFFICE OF THE CEO



March 26, 2010

Independent Expert on the issue of human rights obligations related  
to access to safe drinking water and sanitation

ESCR Section

Special Procedures Division

UNOG-OHCHR

Palais des Nations

CH-1211 Geneva 10, Switzerland

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**Re: Human Rights Obligations Related to Access to Safe Drinking Water and Sanitation**

Dear Ms. de Albuquerque:

United Water Inc. ("United Water") appreciates the opportunity to submit this letter in response to the Independent Expert's review on the above matter as it relates to the participation of the private sector. The importance and implication of the Independent Expert's report are far reaching and we trust the following views and perspectives of United Water will be received in the respectful manner in which they are offered.

As with other OECD member countries, the issue involving human right of access to water and sanitation in the United States presents fundamentally different challenges and legal and socio-economic implications than in developing countries. As with other developed countries, the issue for the U.S. is more properly framed as not whether the public has a right to water and sanitation, but, rather, how best to maintain a sustainable water and wastewater (collectively referenced herein as "water") infrastructure system and provide affordable water services to the public, including low-income and rural communities.

That water is fundamental to life and human dignity is axiomatic and irrefutable. Access to water and sanitation is also essential to protect the environment and public health. We strongly support the efforts of the UN, non-governmental organizations, and nations who strive toward providing such access for all people, regardless of economic, social or political standing. We believe these efforts will help to illuminate the critical needs worldwide and help to marshal resources and innovation to providing meaningful, sustainable, and affordable solutions. However, we remain deeply concerned about the potential misuse of the Independent Expert's investigation and final report by opponents of private water operators who seek to deny the private provision of such vital services. We believe the debate regarding *public v. private* is the proverbial "straw man" and diverts attention and resources away from the real problems at issue and working toward meaningful and sustainable solutions. Toward this end, we highlight the position of the Human Rights Council (HRC) regarding the compatibility of the private provision of water and sanitation services with human rights:

*Human rights do not require a particular model of service provisions. They do not exclude private provision (including privatization). Yet, States must ensure, through adequate oversight and regulation, including effective monitoring and complaint procedures – that the actions of all actors – public and private – do not result in human rights violations.<sup>1</sup>*

We fundamentally agree that the solution belongs to no one particular model of service. Moreover, it is important to note that public ownership and operation does no guarantee against monopolistic abuses or poor services. History is replete with examples of failures by publicly owned and operated water systems and, *vice-versa*, examples of some of the best performing utilities in the world being privately owned and operated.<sup>2</sup> And we believe any effort to limit or

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<sup>1</sup> See HRC Q&A brochure at <http://www2.ohchr.org/english/issues/water/iexpert>

<sup>2</sup> See Christopher Gasson, Global Water Intelligence, *Is Private Water A Human Rights Violation*, March 10, 2010, available at <http://www.globalwaterintel.com/insight/private-water-human-rights-violation.html?source=email>  
According to Gasson

Public ownership and operation is no protection against monopoly abuses or poor service. In Wetzlar, Germany in January 2010 the courts found the municipality guilty of exploiting its monopoly to overcharge for water. In Milwaukee in the US, more than 100 people died in 1993 as a result of cryptosporidium poisoning as a result of failures at the publicly owned and run Howard Avenue Water Purification Plant.

There is an inherent conflict of interest when the government both sets standards for water service and takes responsibility for delivering those standards. It results in a silent trade-off: utilities are not pressed on regulatory standards, so in turn they don't press the government for extra investment. In the US, for example, where 95% of wastewater treatment facilities are publicly owned, a study by PIRG found that 53% of them exceeded their Clean Water Act discharge limits in 2005. These violations represented 87% of all CWA violations during the year. The remaining 13% came from industrial discharges. The dramatic reduction of CWA violations by industry since the Act was introduced in 1972 – and the continuing problems on the public sector side – show that governments are better at regulating third parties than they are at regulating themselves.



deny private provision would be an error of epic proportions, and could potentially exacerbate human suffering and pro-long offenses to human rights and dignities.

Sustainable solutions to “access” will only come-about through a collective focus on retooling of delivery and governance structures that can lead to improvements in oversight, regulation, monitoring and procedures for customer satisfaction. The obstacles in the Sustainable Path and Suggested Remedies are well articulated in The Aspen Institute’s recent report *Sustainable Water Systems: Step One – Redefining the Nation’s Infrastructure Challenge*.<sup>3</sup> This report also details very useful recommendations on “The Challenge of Affordability” providing funding solutions for the needy which are frequently utilized by both public and private water systems in cooperation with local governments and NGO’s.

The role and value of private utilities in providing access are documented elsewhere and have been well articulated by AquaFed, the International Federation of Private Water Operators, in written comments to the HRC, dated April 27, 2009, which are adopted herein by reference.<sup>4</sup> We also incorporate by reference written comments submitted by Mr. Bernard Guirkingner, SUEZ Environnement, dated March 26, 2010.

To recap the issues framed by the Independent Expert, the following questions were set forth for comment:

*Which obligations do States bear in the context of private sector participation in the provision of water and sanitation services?*

- *What should the regulatory framework put into place by States provide for?*
- *Apart from regulation, what additional measures, structures and institutions are necessary?*
- *What are the responsibilities of the private sector when participating in the provision of water and sanitation services?*

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<sup>3</sup> A report of the Aspen Institute’s dialogue on sustainable water infrastructure in the U.S., available at <http://www.aspeninstitute.org/policy-work/energy-environment/our-policy-work/dialogue-sustainable-water-infrastructure-united-stat>

<sup>4</sup> See <http://www2.ohchr.org/english/issues/water/contributions/PrivateSector/AquaFedSubmission20070412.pdf>

- *How can existing frameworks on private sector responsibility for human rights protection (including the work of the Special representative of the Secretary General on human rights and transnational corporations and other business enterprises, the OECD guidelines, the Global Compact, etc.) be used to guide our understanding of private sector responsibility in water and sanitation service provision?*

We believe more probative questions worthy of discussion include:

- *What role do private water operators play in helping to expand affordable water and sanitation?*
- *What unique strengths do private water companies offer that could be employed to expand access domestically and abroad?*
- *What are private water operators doing to help to solve costly complex regional and national water issues that directly affect access?*
- *How can private water operators work more effectively and collaboratively with NGOs and governments at all levels to ensure that affordable access is provided and expanded?*
- *How can governments and private water operators work together to improve governance, share best practices, and be more responsive to social needs and desires?*

We appreciate the opportunity to offer our perspectives on these questions.

## **I. Background on United Water**

United Water is one of the nation's leading water and wastewater services providers to over 7 million people in 26 states through the dedication of its 2,600 employees. In addition to owning and operating 20 regulated utilities, United Water operates 240 municipal systems through public-private partnerships and contract agreements, including three of the nation's largest water and wastewater contracts. The company's affiliate, Utility Service Company, provides water tank asset management services to over 2,000 municipal and industrial clients under long term



contracts. Founded in 1869, United Water is a subsidiary of SUEZ Environnement.

Natural resources are not infinite. Each day, SUEZ Environnement and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services.

## **II. The private sector is indispensable to helping solve the looming water crisis in the U.S.**

To understand the roles and responsibilities of the private sector in the U.S., it is first helpful to understand the current challenges we face. In the U.S., there are approximately 55,000 community water systems and 30,000 wastewater treatment and collection systems,<sup>5</sup> many of which were constructed in the mid-1900s and are old and in various levels of disrepair. As a highly fragmented and decentralized water delivery system, the cost and complexities of maintaining an adequate water supply and water quality, along with the vast water infrastructure, is staggering, and is only compounded by expanding regulations.<sup>6</sup> Hereto, the U.S. Environmental Protection Agency has estimated that the cost of replacing and upgrading the nation's water and wastewater infrastructure over the next 20 years is estimated at well over \$300B above and beyond what is already being spent.<sup>7</sup> Estimates put the annual spending shortfall at nearly \$11B annually.

Maintaining and effectively managing the water infrastructure is vital to ensuring the protection of the environment and providing adequate levels of safe water and sanitation to the public. Many communities are simply unable to adequately maintain and operate their water systems due a host of reasons, including, among others, the lack of expertise, funding, and, in many cases, the political will to establish water rates that reflect the true cost of sustainable water services. The lack of funding has caused many communities to defer capital improvements, which has only exacerbated the problem. Federal funding for water infrastructure domestically has remained flat for the last two decades, at between \$2-3B in the form of low interest state

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<sup>5</sup> See GAO Report, *Water Infrastructure: Information on Financing, Capital Planning, and Privatization*, August 2002, available at <http://www.gao.gov/new.items/d02764.pdf>

<sup>6</sup> See OECD Report, *Environmental Performance Reviews, United States*, 2006, available at <http://browse.oecdbookshop.org/oecd/pdfs/browseit/9705111E.PDF> Brent Fewell, Chief Environmental Compliance Officer for United Water, was the lead representative for the U.S. delegation to the OECD review relative to water issues, as then U.S. EPA Deputy Assistant Administrator for the Office of Water.

<sup>7</sup> See *America's Infrastructure Report Card* at <http://www.infrastructurereportcard.org/fact-sheet/wastewater> and EPA's *The Clean Water and Drinking Water Gap Analysis Report*, September 2002, available at <http://www.epa.gov/waterinfrastructure/infrastructuregap.html>.

revolving loans, and is not expected to increase any time soon. To make up for this significant financial shortfall and to avoid environmental backsliding, EPA has promoted a number of priorities, including promoting full-cost pricing by water utilities to reflect the full cost of treatment and delivery.<sup>8</sup> In addition, EPA has also advocated for more public-private partnerships to expand the pool of available resources, expertise, and improved systems management.<sup>9</sup> There are also increased calls for the U.S. Congress to pass legislation to encourage the use of private activity bonds, which would accelerate investment in water infrastructure through PPPs, thereby generating more private equity as an additional source of capital for water systems.<sup>10</sup>

Aging and failing water systems pose significant challenges to sustainable and affordable water services to many communities (which often have higher populations of low-income and minority populations). As such, utilities are being encouraged to adopt asset management programs to track and monitor water systems and make capital improvements where necessary.<sup>11</sup> Asset management focuses on five questions:

- What is the current state of the system's assets?
- What is the required "sustainable" level of service?
- Which assets are critical to sustained performance?
- What are the life cycle costs?
- What are the best long-term financing strategies?

We believe that U.S. EPA could encourage more utilities to adopt asset management programs as a condition of federal subsidies, *e.g.*, state revolving funds. The federal government retains such authority to encourage more systems to ensure sustained performance as a condition of federal funding under the Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA).

Currently, nearly one in four Americans receives their water from a privately owned water utility or a municipal utility operating under a public-private partnership.<sup>12</sup> Approximately 16 percent of the nation's community water systems are owned and operated by private companies, and

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<sup>8</sup> See EPA at <http://www.epa.gov/waterinfrastructure/fullcostpricing.html> and <http://www.epa.gov/water/speeches/070119bg.pdf>.

<sup>9</sup> See EPA at <http://www.epa.gov/ow/speeches/sustaining.html>.

<sup>10</sup> See G. Tracy Mehan, III, *Let's Drink to Private Water*, 2008, available at <http://www.perc.org/pdf/spr08%20Private%20Water.pdf>. Note that legislation, H.R. 537, *Sustainable Water Infrastructure Investment Act of 2009*, is currently pending in the U.S. House of Representatives, which, if adopted, would encourage greater investment in the nation's aging water infrastructure.

<sup>11</sup> See EPA guidance on asset management, available at <http://www.epa.gov/owm/assetmanage/index.htm>.

<sup>12</sup> See NAWC Report, *The Truth About Private Water Service Providers*, available at <http://www.nawc.org/resources/documents/pwsp-truth.html>



over 2,000 government entities have contracted with private water companies in public-private partnerships to provide water and wastewater services. Thus, private water companies, such as United Water, have an increasingly important role in helping to solve this crisis by providing sustainable and cost-effective solutions, based on extensive experience, technical know-how, and capabilities and systems to cost-effectively manage water resources and systems. Therefore, not only is the private sector's participation in the provision of water and sanitation services not incompatible with the right of access; rather, it is essential as a sustainable source of affordable water and sanitation.

This is not to say, however, that more cannot be done to ensure that certain populations have access to affordable water and sanitation. For example, there are many new policies and programs that can be implemented at the federal, state and local to advance more access. In addition, and as discussed in greater detail below, absent new laws and regulations, private companies, such as United Water, continue to make substantial investments in the communities in which we serve to ensure that the public has affordable access to water and sanitation. For example, this past year alone, private water companies – although a small segment of our nation's entire utility operating segment – have invested more privately financed capital in refurbishing their water systems than the total money provided by the U.S. Government to all public water systems through the much publicized economic “stimulus” and infrastructure refurbishment plan. As part of United Water's mission, we continue to strive every day to make improvements to our operations and policies, as reflected in our commitment to investments in our water systems, commitment to corporate social responsibility principles, innovation and technology, and commitment to customer experience.

To appreciate the role of private companies relative to water access for all customers, it is important to distinguish the different business models that private companies employ for water treatment and delivery. There are essentially two forms. The first model involves investor-owned utilities, in which the private company owns and operates the assets of the water system. In contrast, another model involves a public-private arrangement, whereby a private company merely operates a municipal system *via* contract or license.<sup>13</sup> Under this latter arrangement, the municipality not only retains ownership of the assets, but retains considerable authority and control over how the system is maintained and operated. Private water is a for-profit business and, thus, is dependent upon customer satisfaction. Profits are of little consequence if the client and customers are unhappy with the overall services. If private water service is not satisfactory,

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<sup>13</sup> See U.S. EPA, *Gaining Operational and Managerial Efficiencies Through Water System Partnerships: Case Studies*, 2009, available at [http://www.epa.gov/safewater/smallsystems/pdfs/casestudies\\_smallsystems\\_gainingoperational.pdf](http://www.epa.gov/safewater/smallsystems/pdfs/casestudies_smallsystems_gainingoperational.pdf); See also Water Partnership Council, *Establishing Public-Private Partnerships for Water and Wastewater Systems: A Blueprint for Success*, 2003.

a municipality has a number of options, including, but not limited to, rescinding the contract, renegotiating the terms, engaging a different operator upon the expiration of the contract, or, in extreme cases, suing under the terms of the contract. Although a few isolated examples of the rescinding of contracts do exist – with these examples being widely and repeatedly cited by anti-private groups – the fact is that greater than 95% of the over 2000 contracts to private water service firms in the US are repeatedly being renewed by municipalities.<sup>14</sup> Municipalities time and time again praise these firms for providing high quality service to their customers and safe, reliable and affordable water.<sup>15</sup>

As discussed in greater detail below, investor-owned utilities are also heavily regulated by numerous government bodies and requirements that govern their decisions and actions that could potentially impact access to water and sanitation. There are strong incentives for private water to seek and achieve strong customer approval through quality service, as customer satisfaction can and often will influence a utility's ability to successfully recoup capital expenditures during rate cases.<sup>16</sup> In an extreme case, where a private utility may be failing to provide the public with adequate services, the state and local governments may take-over the assets and operations of an investor-owned utility using eminent domain authorities.

Regardless of which business model is employed, each model is built upon the fundamental importance of public access to affordable water and sanitation. Increased competition within the U.S. by private water purveyors has generally improved operational practices, improved customer service, offered more options to municipalities, and expanded affordable water delivery services.<sup>17</sup> This is not to suggest that municipally owned and operated systems are not or cannot be well managed, as there are many examples of such systems.

Each business model for private water, however, reflects varying authority and ability to impact decisions regarding the right to access. For example, for those systems where we do not own the assets, United Water operates pursuant to a contract with negotiated terms that expressly outline our obligations for operating the water system.<sup>18</sup> Under such arrangements, United Water has

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<sup>14</sup> See Public Works Financing, *13<sup>th</sup> Annual Water P3 Report*, March 2009, available at [http://www.pwfinance.net/2009\\_conops\\_survey.pdf](http://www.pwfinance.net/2009_conops_survey.pdf)

<sup>15</sup> See Water Partnership Council, *An Evaluation of Public-Private Partnerships for Water and Wastewater Systems*, June 2005, available as conference proceedings at <http://cedb.asce.org/cgi/WWWdisplay.cgi?0615247>.

<sup>16</sup> A rate case is a formal administrative procedure, governed by state law, by which a water utility (public or private) is required to go through in order to set water rates at which they are allowed to charge consumers for their service.

<sup>17</sup> See Tracy Mehan, *Let's Drink to Private Water*, FN 9.

<sup>18</sup> See U.S. Conference of Mayors, *Mayor's Guide to Water and Wastewater Partnership Service Agreements: Terms and Conditions*, April 2005, available at <http://www.ncppp.org/councilinstitutes/MayorsGuidetoContracts.pdf>



neither the authority nor the responsibility to establish policies or programs that affect the right of access. Instead, United Water merely implements the policies and programs already in place by our municipal clients, as well as the overarching federal and state laws and regulations governing our respective activities to operate.

### **III. Private utilities in the U.S. are heavily regulated by existing legal and institutional checks and balances, which obviate the need for any new legal rights or framework.**

There are a host of laws and institutional checks and balances that invariably ensure that all citizens in the U.S. have access to water and sanitation. United Water operates within the current legal structures proscribed by law at the federal, state, and local levels that regulate and help to guide our business decisions and operations. Although United Water strives to go beyond what is required by law, we believe the current legal framework in the U.S. is adequate to ensure that access to water and sanitation are provided to the public. Any new legal framework at the federal level that would seek to impose or create a new, federally recognized rights to water and sanitation is unnecessary and could, in fact, be counterproductive to expanding access to affordable water and sanitation in the U.S..

The premier law of the land is the U.S. Constitution, which includes enumerated powers of the federal government.<sup>19</sup> The Constitution does not grant the federal government the authority to directly regulate who and how water and sanitation are delivered to the public. As such, these matters remain the authority of the individual States and local governments through State constitutions, statutes, case law and well established police powers. And, while the Constitution does not recognize water or sanitation as a human right, federal laws and subsidies help to support water infrastructure at the State and local levels. As well, riparian water rights are well established in the U.S., and help to govern and inform regional and State decision-makers regarding source allocation and delivery systems.

While the federal government regulates the quality of water through Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA), these laws do not expressly guarantee the public will have access to water and sanitation. However, the regulation of water quality often overlaps with the extension of access and water services. For example, communities with inadequate or failing sanitation (*e.g.*, open cesspools, failing septic tanks, or combined or sanitary sewer overflows) are routinely compelled by the federal government through legal enforcement actions

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<sup>19</sup> See 1996 OECD Environmental Performance Review (U.S.), pp. 27-39, for a description of the U.S. legal structure and the relationship between federal, state, and local governments, and the implication for roles and responsibilities.

to protect surface water quality in their area.<sup>20</sup> These enforcement actions typically require a local government and community to upgrade its failing water systems. While the benefits of such actions are improved water quality and sanitation, the costs of such actions are generally borne by the local rate payers, which often results in substantially higher water and sanitation costs.<sup>21</sup> Higher rates, in turn, can lead to challenges for access by some to water services. Private companies often have greater access to private equity and may be well positioned to support communities where public subsidies or public debt instruments may not be viable or desirable to upgrade their systems. Many communities in the U.S. do not qualify for loans, because of their low bond ratings and inability to fulfill their obligations under the terms of the bond. However, as discussed below, United Water works closely with communities to ensure that low-income and financially distressed individuals have affordable access.

The perception by some that private water is monopolistic, has *carte blanche* authority to fleece the public, or is somehow free of regulation cannot be further from the truth. Privately owned utilities are among the most heavily regulated industries in the country, and thus must necessarily be 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. All 50 States have public utility commissions, the vast majority of which regulate water rates and sets standards for adequacy of service to customers, including regulations related to service disconnections (for public and private operations). The PUCs essentially provide an important system of checks and balances between the interests of the ratepayers and investors.

For example, the state of New Jersey, has clearly defined requirements and criteria that must be followed before a water utility (public or private) may discontinue service for nonpayment. A customer must be in arrearage of at least \$100 and the arrearage must be for more than three months. As well, before service may be discontinued, the state administrative code further provides

(d) A utility may discontinue a customer's service for nonpayment of bills rendered only after the utility has completed all of the following steps:

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<sup>20</sup> See, e.g., EPA guidance on federal enforcement at <http://www.epa.gov/compliance/resources/policies/civil/cwa/csosso-guidelines-enf.pdf> and EPA memo, *Compliance and Enforcement Strategy Addressing Combined Sewer Overflows and Sanitary Sewer Overflows*, April 27, 2000, available at <http://www.epa.gov/compliance/resources/policies/civil/cwa/strat312.pdf>

<sup>21</sup> For example, in 2009, the citizens of the City of Lexington, KY, faced a 200% increase in the average sewage bill (from \$5 to \$15 per month) as the result of an EPA consent decree that would compel the City to spend up to \$300M to upgrade its wastewater system. See <http://www.lexingtonky.gov/Modules/ShowDocument.aspx?documentid=3573>



1. It has met all applicable notice requirements at N.J.A.C. 14:3-3A.3<sup>22</sup>;

2. It has confirmed that appropriate payment has not been received at any office of the utility or at any office of an authorized agent through the end of the notice period set forth in the notice of discontinuance issued under N.J.A.C. 14:3-3A.3;

3. It has confirmed on the day on which service may be discontinued, that payment has not been posted to the customer's account the opening of business on that day;

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5. If a residential customer offers payment of the full amount or a reasonable portion of the amount due at the time of discontinuance, a utility representative shall accept payment without discontinuance of service. (emphasis added)

In addition to the above criteria, a utility may not disconnect water service for up to 60 days if the customer has a medical emergency. N.J.A.C. 14:3-3A.2. The code also provides an appeal process if a customer and utility have a dispute regarding service. These requirements afford legal due process to customers.<sup>23</sup> However, additional policies and practices adopted by United Water not required by law to accommodate low-income and financially distressed customers include;

- “Text” billing which, based upon experience, is beneficial to low-income communities where many of the residents cannot afford or do not have computers for on-line payment.
- Forgiveness of up to 50% of a water bill where excess water usage is determined to be as a result of leakage.
- Free or low-cost water conservation kits to conserve water and to help reduce water bills. (Free in Idaho)

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<sup>22</sup> Section 14:3-3A.3 provides notice and due process procedures that must be followed prior to discontinuance of service.

<sup>23</sup> See also, e.g., the *Responsible Utility Customer Protection Act*, adopted in 2004 by Pennsylvania, which establishes procedures and safeguards to protect consumers.  
[http://www.puc.state.pa.us/general/consumer\\_ed/pdf/Act201-Water.pdf](http://www.puc.state.pa.us/general/consumer_ed/pdf/Act201-Water.pdf)

#### **IV. United Water is committed to the well-being of the communities in which it lives and serves and those beyond.**

In solidarity with our parent company, SUEZ Environnement, United Water is strongly committed to improving the quality of life in the communities we serve. We recognize that corporate social responsibility requires us to continue to make improvement every day in our operations and governance structures to help improve the lives of those we touch. This not only includes ensuring access to water and sanitation, but going beyond the “nuts and bolts” of operating water and wastewater systems.

We recognize and appreciate the work of nonprofit organizations such as the Interfaith Center on Corporate Responsibility (ICCR), and its efforts to bring greater public awareness of the special needs faced by low-income and minority communities relative to access to water and sanitation and the need for utilities (both public and private) to develop sustainable and transparent procedures that account for these needs.<sup>24</sup> ICCR closely monitors the water sector through the lens of environmental, social and governance (ESG) criteria to aid responsible investors concerned about these issues. ICCR evaluates water utilities, both public and private, relative to ESG benchmarking and reporting and has documented its observations in its report, *Liquid Assets*. In its report, relative to the issue of public or private ownership, ICCR notes

*It is not the purpose of this report to debate the merits of private versus public ownership of water service utilities. The question for responsible investors is not one of ownership but of performance: how to identify water utilities that are financially sound and have demonstrated success in building natural, social and moral capital, whether they be government- or investor-owned.*

Based on discussions with ICCR, United Water acknowledges there is room for improvement in its own operations and activities. And we look forward to working with groups like ICCR who continue to challenge the water sector to improve practices and governance structures by investing more heavily with financial, social and environmental capital. This year, SUEZ Environnement North America and United Water launched a new initiative titled “Mission Enterprise: 2010 and Beyond” with three core priorities: corporate social responsibility, innovation and technology, and customer experience. Our CSR program has three primary focus areas, including diversity and inclusion, sustainable development, and environmental

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<sup>24</sup> See ICCR Report by Leslie Lowe, Patricia Jones, and Rebecca Brown, *Liquid Assets*, available at [http://www.iccr.org/publications/examiner\\_pastarticles/CEvol36no8-10LiquidAssetsExecSumm.pdf](http://www.iccr.org/publications/examiner_pastarticles/CEvol36no8-10LiquidAssetsExecSumm.pdf)



compliance.

Historically, United Water has encouraged its employees to volunteer their time and talents to worthy causes, including planting trees in urban areas, serving lunch at local soup kitchens, or renovating houses in low-income communities, such as Jersey City, New Jersey. Each year, United Water donates approximately \$1.5 million in contributions and in-kind services so that nonprofit organizations focused on the environment, education and humanitarian services can accomplish their worthwhile missions.

As discussed below, our own charity, UW Cares, pays a family's water bill if they are facing a temporary financial hardship. United Water is also proud of its adopt-a-School program, including our partnership with Arlington High School in Indianapolis, which offers students academic tutoring, real-world internships and one-on-one mentoring. And in Springfield, Massachusetts, every fifth-grade student and teacher participates in our award-winning "World is Our Classroom" program, which explores science, math and engineering concepts against the backdrop of the wastewater treatment facility.

We make it a priority to offer time, talent and resources to improve the lives of people in neighborhoods we serve. Our CSR Program supports organizations and initiatives that reflect our core business values and benefit individuals in these three areas: environment, education, and humanitarian services. United Water programs are developed to meet a community's specific needs. Whether by providing clean water, reliable service or assisting charitable organizations, we are proud to make a difference in hundreds of communities across the nation.

As the steward of communities' waterways, United Water has a special interest in supporting environmental initiatives. The company sponsors a wide range of activities throughout the nation which place special emphasis on water conservation. These include free water efficient landscaping classes, planting xeriscape or conservation gardens and subsidizing water-saving products. In addition, the company often collaborates with community groups and sponsors cleanups of rivers and streams.

As mentioned above, United Water offers a wide range of services to our customers with special assistance needs, including those who may be physically or financially challenged, senior citizens, or those who may not be fluent in English. For example, we have programs that offer flexible payment programs, budget and deferred billing, special payment arrangements, in the case of financial or medical hardship. Before water service is discontinued, we make every effort to contact and accommodate our customers. Under our third-party notification option, if

requested, we will notify a relative or a friend of the customer to enable them to provide assistance, if able.

In 2005, United Water established UW CARES, a non-profit 501(c)(3) organization whose aim is to assist low-income or financial distressed customers. This program, which is administered by NJ Shares on behalf of United Water, recognizes that financial hardships can strike anyone of us at any time due to job loss, illness, casualty or military service, or other factors. Qualified customers, who have made a good-faith payment of at least \$20 in the 90 days preceding a grant application, may apply for yearly assistance towards an outstanding bill up to a maximum of \$100. Customers apply for a grant at one of the authorized charitable agencies established in local communities served by United Water. Since its inception in 2005, the program has grown from 59 recipients for a total amount of \$3,385, to 946 recipients in 2009 for a total of \$66,658 in grants. A total of \$172,000 in grants has been awarded over the last five years. Unlike other utility programs, UW Cares does not conduct a financial assessment of any applicant, *i.e.*, apart from the established criteria, there is no financial means test applied. Lastly, the grant funds, which are provided by United Water or charitable donations, are replenished annually, and are not passed along to consumers through rate adjustments.

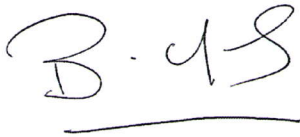
While we live and work in the communities we serve – and care deeply about these communities – we are also mindful of communities beyond where the needs are equally great. Our employees donated over \$37,000 toward the humanitarian crisis in Haiti, caused by the earthquake, and the company matched the donations for a total of over \$75,000. United Water, together with other SUEZ Environnement companies in France, Martinique and Guyana sent management and operational personnel to Haiti immediately after the earthquake to work with DINEPA, the Haitian National Water and Sanitation Office, and UNESCO to restore water in parts of Port au Prince where the water distribution system was not totally destroyed. Within a matter of days, hundreds of leaks had been repaired and several of the major well systems restored so that sustainable water could be provided to over 200,000 people. Additionally, United Water in partnership with the City of Rahway purchased a portable water treatment plant which was delivered to Haiti in March of this year; United Water donated \$22,000 towards this purchase. United Water and Suez are working with the National Association of Water Companies and other private utilities to develop a more effective and coordinated approach to responding to emergency water needs in the event of natural disasters, such as recently experienced in Haiti. While established governments, emergency response teams, and NGOs are generally better positioned to provide emergency and humanitarian response, we believe that private utilities can and should play a more integral role in helping to respond to the humanitarian needs in such events.

In closing, we trust the foregoing provides a useful glimpse into some of the positive



contributions by the private sector in making access to affordable water and sanitation a greater reality. We appreciate the opportunity to submit the foregoing comments, and we look forward to the continuing dialogue on this important issue. Should the Independent Expert desire more information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Camus". The signature is written in a cursive style with a horizontal line underneath.

Bertrand Camus, CEO