

Operations

EDISON WATER COMPANY

EDISON, NJ

Public-private partnership results in cleaner water and improved performance at lower costs.

Project: New Jersey American Water, through its Edison Water Company (EWC) subsidiary, operates and manages the Township's water system. It performs all aspects of management, operations, maintenance and repair. Services also include cleaning and maintaining transmission lines, flushing the main lines and billing and collections.

Key Attributes: Provided the City with an up-front cash payment of \$5.1 million to help pay off debt and meet other budgetary needs. At the same time, this payment helped retire \$625,000 of the City's debt in 1997. The project also contributed for more stabilized rates, resulting in an estimated annual rate increase of 1.8% per year, which is lower than the rate of inflation.

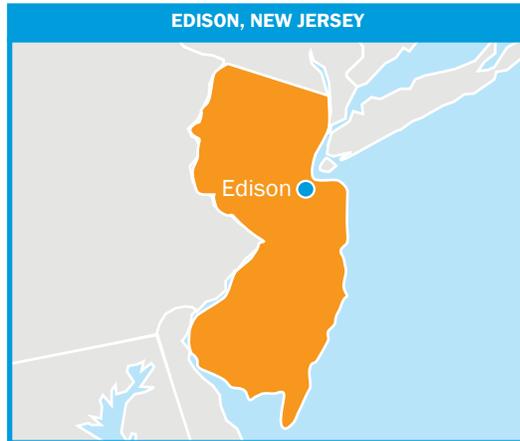
Project Type: Concession/Operations and Maintenance (O&M)

Project Timeline: 1997-Present

Challenge: By the mid- to late-1990's, the City of Edison was faced with severe challenges. Its local economy was in dire economic straits as the City struggled to balance tax relief and debt obligations while keeping residential water rates to a minimum. Compounding these financial challenges were problems stemming from a long-neglected and insufficiently maintained water system that affected water quality, including discoloration and low water pressure.

Solution: The City entered a 20-year partnership with American Water under which the company would manage the municipal water system's 11,600 customers. By partnering with the City to implement industry-leading procedures and modify existing practices, American Water helped Edison begin refurbishing its system, helping it to achieve substantial performance and water quality improvements while at the same time achieving significant cost savings for residents. Positive results include:

- Residential water rates were frozen for the first five years of the 20-year contract, with an estimated annual rate increase of 1.8% per year, less than the rate of inflation.
- Seniors automatically qualify for a rate freeze. Should a resident become a senior during the term of this contract, they are subject to a freeze from the commencement rate.
- Cleaned and lined 115,000 feet of transmission main, replaced 1,500 feet of main, upgraded booster stations, sealed and capped five wells and looped two dead-end mains. This resulted in a more consistent flow pattern and cleaner water.



Project Details: In 1997, New Jersey American Water / Edison Water Company entered a contract with the Township of Edison for the long-term management of the City's water distribution system. Prior to the contract, residents complained of discolored water and a lack of water pressure. It was an aging system much in need of repair, with some equipment over 70 years old. Consisting mostly of cast iron water mains, it sustained many main breaks over the years. Old galvanized water infrastructure, which contributed to water loss, impaired quality and inconsistent service, needed repair and replacement.

In 2001, the long-term water system management contract was among 10 public-private partnerships to receive excellence awards during the U.S. Conference of Mayors annual meeting.

Quality Standards: New, state-of-the-art meters were installed as part of the agreement, and Edison Water Company will continuously replace meters more than 10 years-old.

If the operating standards set forth in the contract are not met after completion of minimum capital improvements, New Jersey American Water may spend up to an additional \$1 million to achieve those standards. Additional capital improvements are subject to approval by the Township.

Additionally, the City and Edison Water Company established a formal Operations Committee, which meets every three months to discuss issues related to the operation, maintenance and management of the system. The committee consists of two authorized representatives of the town and two EWC-appointed members, one of which must be an EWC officer. This level of commitment ensures close collaboration, consistent performance and operations throughout the entire system.



AMERICAN WATER

Population Served: 35,000

Operations: Edison Water Company maintains a toll-free 24-hour hotline where customers can report emergencies. The company also carries out regular hydrant repair and replacement. All are flushed annually in April and May. A computer-based maintenance and management program continuously monitors electrical systems, and instrumentation, mechanical equipment, monitoring and sampling equipment to ensure consistent quality and performance.

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To learn more about
American Water, visit
www.amwater.com



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