

Virginia-American Water Company

Water Infrastructure System

Utility Privatization

NDIA Briefing

**A Case Study of the US Army
Garrison at Fort Lee, VA**



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Utility Privatization Services

- **Utility Service is the only priority of regulated utilities**
- **Are a logical extension of the business vs. Priority of Army to operate utilities that compete for other mission critical resources**
- **Regulated utilities operate under rules and regulatory oversight by State Utilities Comm.**
- **Proven track record of service to the customer**
- **US Government is often already a utility customer**



- The Regulated Utility is:
 - ✓Is looking for the opportunity to expand service territory
 - ✓Able to best serve customers where economies of scale will be implemented and realized
 - ✓Able to improve quality of life with water quality research and technology advancement
 - ✓Utility service is our core function
 - ✓Currently using programs for operational and scheduled maintenance of utility assets
 - ✓Equipped with QC/QA expertise (i.e. water quality laboratory services)

Benefits of an Asset Transfer from the Utility View:

- Frees federal government from burdens of operating a water utility, including WQ issues, operations, budgeting, meter reading, maintenance, etc.
- Brings a wide range of technical expertise including engineering, legal, accounting, financial, safety, risk management, IS with national & international expertise to the utility operations
- Utilities carry inventories of materials for construction and repair for quick response and implementation of projects.

“VAWC’s & AWW’s management process emphasizes proactive performance and value”

- Technical Support from internal and external sources
- National & International Expertise
- Our personnel operating this Water System have extensive knowledge of the system
- Specialized equipment, analytical capabilities
- Financial capability to provide resources quickly
- Immediate response and quick repair service



Realities of Utility Privatization

- ❑ Dialogue between Contracting Offices (DoD) and Utility-each talk a different language
- ❑ Deliverables with Contract are unavailable or must be sought out
- ❑ Communication between Contracting, Utility and Base Command are often not synchronized
- ❑ Inventories are not specific in some cases, records of utility system must be developed
- ❑ Perception vs. reality of utility system condition
- ❑ Long lag from RFP to Contract Award



Other Utility Services Available That Should Be Considered or are provided:



- ❑ Professional Design Services, Management Services & Construction of Infrastructure
- ❑ General & Administrative
 - Facility Tours
 - Engineering data
 - Customer service communication
 - Customer service representatives
 - Offices and Operations Buildings
 - Mail Handling
- ❑ Physical Security Measures
 - Law Enforcement & Emergency Management Agency Liason
 - Water Treatment Facilities
 - Distribution Storage Tanks
 - Pump Houses & Well Stations
 - Remote Chemical Storage Facilities
 - Vaults
 - Dams
 - Reservoirs
 - Water Intakes



Other Utility Services Available That Should Be Considered or are provided:



- Leak Surveys and Water Audits of the Distribution Grid
- Hydraulic Analyses of the Distribution System
- Meter Testing and Repair
- Water Quality Research and Development
- Inspection Services
 - Tanks
 - Pipelines
 - Pumping Equipment
 - Utility Locating Services
 - Dams
 - Reservoirs



Limitations of contract specifications:

- ❑ *Value of contract is small relative to total business*
 - ❑ *Must evaluate risk as commitment to contract may not be profitable for multiple years*
 - ❑ *Utility does not always have control over product supplier in some cases (dual suppliers), therefore quality of service may suffer*
 - ❑ *Performance by the utility may force it's existing customers to wait for service requests because volume of contracted service at elevated priority is greater than identified in RFP*
 - ❑ *Services may be requested which are not specified adequately in the contract which result in additional negotiation, contract modification, and additional resources*
 - ❑ *New tighter regulatory requirements may increase cost of operations beyond those which could be identified in RFP*
 - ❑ *Coordination of infrastructure replacement vs. new infrastructure limitations*
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Thank You!



May I Answer Your Questions?



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