



Protection of our water environment and provision of clean, safe water supplies come at a certain cost. Money needed to provide these services doesn't fall from the heavens like the rain we count on. Rather, wastewater and water services consumers pay their fair share of these costs. Utility rates are often a lightning rod for public concern, and sometimes fury, since people's pocketbooks are affected. The only thing worse than the public being misinformed about utility rates is when no information is provided at all. In this Tip Sheet, guest columnist Dean Foster illuminates the need for and reasoning behind building public trust and how to establish an open, honest dialogue with customers when utility rate increases become necessary.

PE Tip Sheet No. 36

Public Trust & the Importance of Your Rate Increase Message

By J. Dean Foster

When your rates go up, so should your customers' trust in the value of their tap water.

Why? Because public trust and value is what your customers are really buying. And when you prepare to charge them more for what is a highly technical, skilled service, you have only a breath of time to tell them why. Think of it as trying to explain quantum physics to a fifth-grade class in less than 10 seconds.

Impossible? Some utilities may spend years completely missing the opportunity to connect with their customers during the most crucial time of all; the dialogue of rate increases. They will roll out the 90-minute PowerPoint of financial pie charts and colored graphs, capital improvements program design/build schematics, and technical jargon piled to the heavens in budget binders that creek under their own weight.

Let's restate: When your rates go up, so should your customers' understanding of the value they're getting in return. It should be direct, peeled away, extracted, boiled down, dialed in, and laid bare of theories on asset management, new EPA regulations, IT upgrades, risk management, and other issues. This stuff is interesting to us. It shapes the future of our industry and, ultimately, water and wastewater utility rate structures nation-

wide. It matters to us—but not to our customers.

Stand by for the single most important take-away from this article: Simplify!

Remember the hit TV series "Seinfeld." Jerry Seinfeld has made a career out of simplifying common, everyday observances and making us think about them in new ways. Like: "What is up with these TV news shows scrolling words across at the bottom of the screen? We don't want to read. That's why we're watching TV!"

Room for Improvement

Sometimes it's easier to laugh at ourselves than admit to the pain of actually reading an entire utility budget document. Here are some examples of rate increase messages used by utilities in the past few months:

- ◆ "Water leak leads to utility rate increase." This headline appeared in a Northwest newspaper with the story: "Leakage of an estimated 17 gallons per minute from the district's lines has forced increases for owners of about 300 taps..." "In the past we've had enough of a bankroll to not raise rates for the leaks—but of course, we haven't had this much of a leak for this long," said the utility manager... a utility board member added: "The people that do the book work here get minimal wages. Nobody's getting rich doing anything out here. In common sense we have to

raise it or we're not going to have any water. Everyone wants to drink, you know."

- ◆ A utility's web site listing "Water Utility Rate Facts and FAQ." The one-page "fact sheet" does not list any rates, rate structure, average household rates or average monthly usage. There is no link for customer tips on conservation, detecting household leaks, or background/help for more questions.
- ◆ A Southwest newspaper ran this article lead: "Town council members didn't like the idea of raising the utility rates, but Monday, they said doing so was the lesser of two evils." A utility board member was quoted, "We can raise the utility rates, or we can stop growth in our county; we can't put the infrastructure in place if we don't have the revenue." The article did not give the amount of an average bill and required the reader to do some quick math; water bills would increase only 9 cents a month.

'Why?' Matters

We learned of our own "Inconvenient Truths" a few years ago with the publishing of "A Strategic Assessment of the Future of Water Utilities" by the AWWA Research Foundation.

The report identified multiple forces and market conditions that are impacting rates today and predicted larger rate increases for years to come. The Top 10 Trends listed:

- ◆ Changing Demographics
- ◆ Political Environment
- ◆ Regulations
- ◆ Total Water Management
- ◆ Technology
- ◆ Increasing Risk
- ◆ Financial Constraints
- ◆ Workforce
- ◆ Energy
- ◆ Customer Expectations



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