

# COMPANY LINE

## Global Water Giants Backing Off

Article originally appeared in *WaterTechOnline*, June 27, 2006

Finding the politics of running local waterworks not to their liking, global corporate giants like RWE, Suez, and Veolia are backing away from the multi-billion-dollar commitments they made only a few years ago when they purchased water companies in the United States and elsewhere, according to a June 26 front-page story in *The Wall Street Journal*.

Using as an example the problems the German-based utility giant RWE faced after it purchased the small Felton, California, water utility in 2002, *Journal* reporter Mike Esterl wrote, "Water turns out to be less like electricity than RWE hoped. It's heavy and hard to transport, making it difficult for a big company to build economies of scale. Regulation is never predictable. In the U.S., RWE found itself fighting town referendums and state legislatures across the country, winning many battles but losing the war."

The newspaper quoted RWE Chief Executive Harry Roels as saying that running a water utility is "a very local business" and that a large global company "just doesn't have outstanding advantages."

RWE and the other giants are either trying to sell, have sold, or are scaling back their expectations for running water companies in the United States and other nations, the *Journal* article said.

In his article, Esterl observes that "trouble quickly emerged" for RWE after it purchased New Jersey-based American Water in 2001. Final acquisition required approvals from the many states where American Water operated; regulators then moved slowly to approve RWE/American's rate increase requests, and "rebellious territories furnished endless headaches for management."

The company also encountered political battles in communities like Felton,

where the group FLOW (Friends of Locally Owned Water) pushed for a referendum, approved by voters last year, which proposed that the town sell bonds to buy back its water system from RWE/American, the article said.

RWE now is planning to divest American Water in an initial public offering of stock. According to the *Journal*, RWE last year wrote down the value of its U.S. water business by \$950 million.

The *Journal* adds that although the move toward privatization of U.S. water utilities has all but stalled, it could pick up again as municipalities increasingly feel pressure to seek capital sources for upgrading infrastructure.

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## Phelps Dodge Enters Consent Order for Sulfate Reduction

In June, Arizona Department of Environmental Quality (ADEQ) Director Steve Owens announced that his agency had issued a revised draft water quality permit for the Phelps Dodge Sierrita copper mine in southern Arizona, and that

ADEQ and Phelps Dodge had entered into a first-of-its-kind consent order under the state Superfund clean-up statute—known as the Water Quality Assurance Revolving Fund (WQARF) law—that requires Phelps Dodge to mitigate the plume of sulfate contamination and protect the community's drinking water supply from further sulfate contamination.

The Aquifer Protection Permit is designed to protect groundwater in the area by requiring Phelps Dodge to employ pollution controls at three principal drainage areas at the mine, at discharging facilities in the mill area and tailings impoundments, and at wash stations used to clean mine haulage trucks and other vehicles.

It also establishes a maximum allowable limit of 250 parts per million (ppm) for sulfate in drinking water affected by the mine's operations, the toughest sulfate level that ADEQ has ever included in a water quality permit.

Elevated sulfate levels attributable to the Phelps Dodge mine have been identified in groundwater samples

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collected from wells in the area. Although sulfate is considered a non-hazardous substance under federal and state laws, ingestion of water containing levels of sulfate exceeding 250 ppm can cause diarrhea and other health problems.

The consent order represents the first time ADEQ has ever used its authority under WQARF to require a party to deal with contamination caused by a nonhazardous substance. It requires Phelps Dodge to characterize and mitigate the sulfate plume, conduct an inventory of wells in the area, and ensure that drinking water provided to area residents meets all applicable drinking water standards, including the 250 ppm sulfate limit. It also requires Phelps Dodge to conduct quarterly water quality sampling and establish a community advisory group to keep community members informed of the company's activities.

Visit [www.azdeq.gov](http://www.azdeq.gov) and [www.phelpsdodge.com](http://www.phelpsdodge.com).

### **Grahn Joins E.L. Montgomery**

Errol L. Montgomery and Associates recently announced that Howard Grahn joined the firm's Tucson office, where he will work with the mining operations team in support of North and South American projects. With 25 years of combined mining and hydrology experience, Grahn has most recently participated in the development of automated environmental monitoring systems for such applications as site management and closure, remedial actions, cover system performance, and leach process optimization. Grahn, co-founder of *Southwest Hydrology*, continues in his role as technical editor of the magazine.

Visit [www.elmontgomery.com](http://www.elmontgomery.com).

### **URS Adds Senior Staff**

The Phoenix office of URS Corporation recently added to its senior-level staff.

Karen Modesto joined as a senior hydrologist following 20 years with the Arizona Department of Water Resources' Assured and Adequate Water Supply Program. At ADWR, Modesto specialized in analyzing the availability of groundwater supplies, determining well impacts from groundwater pumping, and reviewing and approving hydrological reports and water resource investigations for new developments.

Bill Nesgood is a new senior geologist on the company's site investigation team, bringing 30 years of experience in soil and groundwater investigation and remediation. He was formerly a geologist with Exxon, drilling exploration wells in the Gulf of Mexico and Alaska, and most recently a branch manager with Environmental Resolutions, Inc.

Anne Williamson is the Phoenix office's new mining practice leader, coming most recently from CH2M Hill. Prior to her consulting career, she spent 15 years with Phelps Dodge managing compliance, permitting, and remediation projects at mines in the United States and abroad.

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### **Golder Tops 1,000 Employees**

Golder Associates Inc., an international groundwater engineering and environmental services consulting company, topped 1,000 employees last June and was targeted to achieve well over \$100 million in net revenue for the year. The workforce grew 15 percent over the past year. Smaller offices were grown to a minimum of 25 people, senior technical experts were added throughout the company's 41 U.S. offices, and six new offices were opened across the country.

Golder's offices in Albuquerque and Tucson played a large part in the company's growth spurt, expanding nearly 50 percent in the last year, largely from increased work in the mining, oil and gas, and water resources sectors, according to the company.

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