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AWWA, AMWA pin MTBE cleanup costs at as high as $85 billion

WASHINGTON, DC, June 21, 2005 -- Two new studies, commissioned by the American Water Works Association (AWWA) and the Association of Metropolitan Water Agencies (AMWA), examined the cost to remove methyl tertiary butyl ether (MTBE) contamination from public drinking water systems across the United States. These studies update estimates from 2001 that then cited MTBE cleanup costs at approximately $29 billion. The new studies indicate that the clean up costs are likely to be in the range of $25-$33.2 billion and could be as high as $85 billion or more.

These studies demonstrate that MTBE is a very serious problem and the cost of removing this contaminant from drinking water is substantial. The studies acknowledge that thousands of water systems are already contaminated by MTBE at levels at which consumers can taste or smell the chemical in their water. MTBE, which was added to gasoline as an octane enhancer and to help protect air quality, has a strong odor and is listed by EPA as a possible carcinogen.

The AWWA and AMWA reports focus exclusively on the cost to treat contaminated public water supply wells. Other studies have focused on cleaning up leaking underground storage tank (LUST) sites. Removing leaking tanks and cleaning up around LUST sites only removes one potential source of continuing contamination and does not address contamination of municipal water supplies that has already occurred. "Cleaning up leaking underground tanks is important, but it does nothing to remove MTBE from public water supplies," said Tom Curtis, AWWA Deputy Executive Director. "Leaking underground tank remediation and water supply cleanup require different solutions, so the LUST program will do little or nothing to cleanup public drinking water wells," added Diane VanDe Hei, Executive Director of AMWA.

AWWA Report

The AWWA report is an assessment of the 2001 cleanup cost estimate to address MTBE-contaminated water supplies for Public Water Systems (PWS) prepared by Komex H2O Science, Inc. The AWWA review reveals that Komex likely underestimated the range of costs for removing MTBE from public water system wells. "There are significantly more public water system wells than Komex estimated, and the cost to treat an MTBE-contaminated well is likely to be higher than Komex assumed," Curtis said.

The AWWA assessment suggests that the cost of MTBE contamination of PWS wells is likely on the order of $25 billion, but possibly as high as $85 billion.

If the odor threshold at which MTBE is unacceptable to consumers is less than the 5 ppb (parts per billion) assumed in the Komex study, then the number of PWS wells impacted will increase significantly. Scientific investigation supports an odor threshold of 2 ppb or lower. At 2 ppb, the AWWA reasonable best estimate increases to $50 billion or more and at 1 ppb the cost could be as high as $85 billion. "The bottom line for public water systems is many billions of dollars in MTBE cleanup costs," Curtis said.

The AWWA report can be downloaded from the AWWA website at www.awwa.org.

AMWA Report
The AMWA report is based on publicly available data for 36 states that reported MTBE contamination in drinking water supplies. The report estimates cleanup costs for water systems in these states to be $33.2 billion.

"This study was conducted based on empirical data to leave no doubt about the cost to remove MTBE from public water supplies," said Van de Hei. "If more states tested for and reported MTBE contamination, our study would have shown billions more in cleanup costs."

The AMWA study was calculated by taking into account the number of systems reported to be contaminated, the number of wells associated with these systems and the cost per gallon for filtration of MTBE (based on system size). Analysis also weighed the duration of treatment and the fact that the odor and taste of MTBE can be detected at below 1 part per billion, a level determined by Houston-based Lyondell Chemical Company, an MTBE producer.

The AMWA report can be downloaded from the AMWA website at www.amwa.net.

Energy Act
The U.S. Congress is currently weighing comprehensive Energy legislation. Included in the House version of the Energy Bill is a highly-contentious provision that would grant liability immunity to the manufacturers of Methyl Tertiary Butyl Ether (MTBE), a gasoline additive that has been found to contaminate water supplies across the country. This so-called "safe harbor" provision, which would effectively transfer clean-up costs onto the shoulders of water utilities and ratepayers, is not included in the Senate version of the bill presently being debated. The issue, cited as a key factor in the Energy Bill's demise in 2003, is expected to again be a major point of the contention as the House and Senate hammer out their differences.

Established in 1881, AWWA is the oldest and largest nonprofit scientific and educational organization dedicated to safe water in North America. It has over 57,000 members worldwide and its 4,700 utility members serve 80% of America's population. AWWA advances public health, safety and welfare by uniting the efforts of the full spectrum of the water community.

AMWA provides the unified and definitive voice for the nation's largest publicly owned drinking water systems on regulatory, legislative and security issues. The association works with Congress and federal agencies to ensure safe and cost-effective federal drinking water laws and regulations and to develop federal-local partnerships to protect water systems and consumers against acts of terrorism. Its membership serves safe drinking water to more than 120 million Americans from Alaska to Puerto Rico.

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