Curb Your Complaints

By Myles Meehan

Protection plans can offer utility customers peace of mind

Fifty-five percent of utility customers believe utilities should offer protection plans.

As American homes and the surrounding infrastructure grow older, the prevalence of residential water and sewer line breaks is likely to increase.

An estimated 1.1 million water line failures and 4.3 million sewer line issues occurred in 2013 alone.

It is an all-too-common occurrence: A pipe bursts or springs a leak on residential property, and the homeowner calls his or her local utility in a panic. The homeowner's front yard is soggy, the shower has no water pressure, or the sewer is backing up, so the homeowner needs someone to make the repair now. You are known as the water and sewer guys—isn't fixing this mess your job?

When faced with a water or sewer line break on his or her property, the homeowner must come to terms with a couple of facts: First, basic homeowners insurance typically does not cover this type of emergency, and second, the utility is not responsible in most cases for the piping that runs between the street and the home. That responsibility—which includes both the cost of repairs and getting the repair made in a timely manner—lies solely with the homeowner. It is a responsibility that can set someone back a few thousand dollars (averaging nationally $2,223 and $3,697 for water line repairs and sewer line repairs, respectively) and days with subpar or complete loss of service.

Customer Concerns

Regardless of where responsibility lies, the utility is left with an unhappy and often confused customer. Many homeowners view their local utility not just as a provider of service, but as a resource when they need assistance. And although the utility has no official obligation to help in a homeowner's repair emergency, that customer expectation remains: 55% of utility customers believe utilities should offer protection plans, according to a 2012 Ipsos Public Affairs Poll.

To meet this expectation, utilities across the country have begun offering protection plans for residential water and sewer line repairs. For a low monthly fee, these optional programs provide consumers thousands of dollars in coverage for water and sewer line emergencies and also facilitate the repair itself, dispatching pre-approved local, licensed and insured technicians within a much shorter repair timeframe than if the homeowner arranged for it themselves. Moreover, these plans include satisfaction guarantees, giving the customer added comfort.

Some utilities have started up this initiative on their own. Middlesex Water Co. (MWC), a water and wastewater utility serving New Jersey, Delaware and Pennsylvania, began offering its customers a service line protection program in 2004. "Most of our customers automatically assume that we handle repairs for residential water line breaks, and we receive a lot of incoming calls," said Bruce O'Connor, vice president and chief financial officer, Middlesex Water Co. "Offering a program that provides this service was a logical next step from a customer service and satisfaction perspective."

But as MWC discovered, running a service protection program can be time-intensive and takes considerable resources. By 2010, MWC had enrolled almost 8,000 customers with almost 10,000 service plans (covering both water lines and sewer laterals). To alleviate the administrative burden as well as the financial risk, the utility decided to transition its existing plan holders and delegate future marketing and administration to HomeServe USA, an independent provider of home emergency repair service plans.

Since partnering with HomeServe in 2011, MWC increased program participation to more than 22,000 customers and more than 33,730 active service plans, representing growth of 224%.

"The program has really taken off," O'Connor said.

Des Moines Water Works (DMWW), a municipal water utility serving the citizens of Des Moines, Iowa, and surrounding communities, also recognized the value of offering its customers a service line protection plan, partnering with HomeServe in 2013. Previously, the utility helped customers coordinate repairs through a local contractor, but customers still were responsible for paying the bill in full. DMWW decided to work with a third-party service plan provider in order to offer its customers a more complete solution. Though the program is still in its first year, DMWW's customer base has shown phenomenal interest, with 31% of customers—or 22,796—now signed up for the service.

"Our corporate goal was to have 10,000 sign-ups, and we far exceeded that," said Ted Corrigan, director of water distribution for DMWW. "This demonstrates to us that our customers view service protection plans as a valuable offering."

Top of Mind

In conversations with customers, both MWC and DMWW discovered an overwhelming number were not aware that water and sewer line breaks were something they should have on their radar.

"Water tends to be something people don't think about. No one is at home saving money for a shiny new water service line, so a leak or break comes as an unexpected blow," Corrigan said. "Customers view DMWW as a trusted resource, and it was important to us to work with a third-party service plan provider that would help us educate customers on the issue."

"Our business is all about offering solutions," O'Connor said. "A critical component of the solutions we offer our residents is education, and there is a tremendous learning curve to overcome. While signing up for the service program is entirely voluntary, when customers do come to us for a break, we consider it part of the education process to inform them about their responsibilities and help them find recourse."

As American homes and the surrounding infrastructure grow older, the prevalence of residential water and sewer line breaks is likely to increase. An estimated 1.1 million water line failures and 4.3 million sewer line issues are expected in 2013 alone, according to estimates by HomeServe. The influx of distraught customer calls can be diverted or avoided altogether by offering a low-cost turnkey solution for customers through a partnership with a third-party service plan provider. For utilities, this not only provides a valuable customer service, but it also improves customer satisfaction by an average of 37%, according to the Ipsos Public Affairs poll. More than 1,000 communities across North America now have access to service protection plans through utility partnerships with service plan providers. WWD

Myles Meehan is senior vice president of public relations for HomeServe USA. Meehan can be reached at myles.meehan@homeserveusa.com.

For more information, write in 1102 on this issue's reader service form on page 49.