# Nestle raises stakes in bottled water battle

#### By Lee Lupo

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Chronicle • Ken Stevens Jay Peasley on his property along the White River near Hesperia. Nestle Waters North America is drilling test wells in the White River watershed for possible water withdrawal.

Jay Peasley lives in the kind of place nature lovers dream about: a house so close to the White River he can hear its gurgling waters from his couch and fish for trout and salmon a stone's throw from the back door.

The computer programmer thought he had secured a slice of solitude when he bought his riverside house in 1991.

Now he finds himself at odds with the world's largest water bottling corporation, Nestle Waters, which hopes to use the White River system for an entirely different purpose.

Nestle wants to pump millions of gallons of spring water from a site near the headwaters of the White River, about 20 miles upstream of Peasley's house, and bottle it at the company's Ice Mountain bottling plant in Stanwood.

Peasley is among a group of area residents who fear pumping spring water from the headwaters of the White would harm the river, which is the southernmost trout stream in the Lake Michigan basin.

"This is a pristine trout stream. I don't think any water should be taken out of it," Peasley said.

Nestle officials said the White River has "significant water resources" and that withdrawing millions of gallons of groundwater each year "would be unlikely to cause adverse effects on the environment."

Company officials said other businesses in the White River watershed, including farms and golf courses, use more water than Ice Mountain would extract and bottle.

"The ecosystems in the White River watershed don't care where the water goes. They only care that there is enough water -- do the ecosystems have what they need?" said Gregory Fox, natural resource manager at Nestle's Ice Mountain bottling plant.

Fox will explain Nestle's White River proposal at 7 p.m. Wednesday at Monroe Township Hall, 4141 E. Fillmore, White Cloud.

The battle over groundwater in the White River watershed is a high-stakes struggle that transcends the boundaries of this river.

The underground springs that feed the White and dozens of other Michigan trout streams -- including the Pere Marquette, Manistee, Boardman and countless others -- are potential gold mines for water bottlers.

Groundwater is free in Michigan and the state's new water withdrawal law allows bottled water to be sold outside of the Great Lakes basin provided it is shipped in bottles smaller than 5.7 gallons. Theoretically, a company could load a freighter with thousands of bottles of Michigan water and sell it anywhere in the world.
Some water policy experts call such scenarios unrealistic.

But consider this: Clean water is in short supply in much of the world and bottled water is a red-hot commodity in the U.S.

Bottled water consumption in the U.S. increased from 5.1 billion gallons in 2001 to 8.2 billion gallons last year, with sales reaching $10.9 billion in 2006, according to the Beverage Marketing Corp.

If current trends continue, bottled water will surpass soda as the nation's most popular beverage by 2020, said Michael C. Bellas, chairman and CEO of the Beverage Marketing Corp. "I've never seen a phenomenon like bottled water," Bellas was recently quoted as saying.

The soaring popularity of bottled water has economic and environmental implications for Michigan, located in the heart of one of the water-richest regions on the planet.
Nestle, for instance, is poised to double its production of Ice Mountain bottled water.

The company, which employs 250 at its Stanwood facility, is considering building a second Ice Mountain bottling plant in Evart or at a site in Indiana.

And when it comes to bottled water, Nestle is the biggest fish in the pond. Based in Switzerland, Nestle is the world's 53rd biggest corporation and the world's largest producer of food and bottled water, according to industry data.

Nestle controls about one-third of the global bottled water market, according to industry data. The company produces 75 different types of bottled water at 103 factories in 36 countries, according to company data.

Nestle's Ice Mountain facility is by far the largest water bottler in Michigan, according to state data. Michigan has 44 licensed water bottlers, but only three pumped more than 1 million gallons of water in 2006.

Its Stanwood plant bottled 226 million gallons of groundwater last year. That dwarfed the 54 million gallons of groundwater bottled by Absopure, Michigan's second-largest water bottler. The only other firm that bottled more than 1 million gallons of Michigan water last year was Shay, which bottled 1.1 million gallons, according to state data.

Pepsi and Coke buy water from the city of Detroit, purify it and sell it as Aquafina and Dasani, company officials said. Because those companies purchase water from a municipal water supply, they are not required to report the volume of water used.

Some experts said Nestle's bid to pump spring water from sites near the headwaters of the White and two trout streams that flow into the Muskegon River, near Evart, raises the stakes in Michigan's bottled water war.

Nestle has never pumped spring water near a Michigan trout stream. The company currently pumps spring water from wells in rural Mecosta County that flow into a warm water stream. Nestle also buys spring water from the city of Evart.

Allowing Nestle to pump water near the White River would make the natural springs that feed all trout streams in Michigan fair game for water bottlers, said Mark Luttenton, a Grand Valley State University biology professor and river expert.

"If the state is willing to compromise our cold-water rivers, particularly systems like the White and Pere Marquette rivers, I don't see any recourse the state has to prevent the permitting of water wells anywhere else in the state," Luttenton said.

Why is Nestle suddenly scouting for more water near some of Michigan's most treasured natural resources -- trout streams? The answer lies in Nestle's thirst for corporate profits and a strategy to establish a Midwest beachhead for its growing bottled water empire.

Nestle is a relative newcomer to the bottled water industry, which has its roots in Europe.

Bottled water has been sold for centuries to the rich and powerful in Europe, who drank spring water while visiting exclusive spas. European immigrants imported the spa and spring water phenomenon to the U.S. in the 1800s, according to water industry officials.
Perrier, with its sparkling water and distinctive green bottles, became the first bottled water to achieve mass appeal in the U.S., in the late 1970s.

Sales of bottled water began to escalate in the U.S. in the mid-1990s, fueled by increased marketing and development of cheap and durable plastic bottles. Within a few years, plastic bottles of water were ubiquitous in gas stations, grocery stores and vending machines.

Nestle dove into the bottled water industry in 1992, when it bought Perrier. In the ensuing 14 years, Nestle went on a corporate shopping spree that snapped up 73 other brands of bottled water, including Poland Spring in Maine, Zephyrhills in Florida, Arrowhead in California and Ice Mountain, then based in Pennsylvania.

The company has created only one new brand of bottled water, Nestle Pure Life, in 1998.

Nestle targeted Michigan after its attempt to build a bottled water plant in Wisconsin failed in 2000. The company encountered a fierce controversy in Wisconsin when it tried to tap into spring water wells near a popular trout stream.

As opposition mounted in Wisconsin, former Michigan Gov. John Engler began courting Nestle. The company built a $150 million bottling facility in Stanwood and began producing Ice Mountain bottled water in 2002 despite public opposition, relentless criticism by environmental groups and a lawsuit filed by a citizens group.

The major difference between Nestle's experiences in Wisconsin and Michigan was where the company sought to sink its wells.

After being chased away from trout streams in Wisconsin, Nestle officials met with officials at the Michigan chapter of Trout Unlimited, an influential anglers group, before selecting a pumping site here. Trout Unlimited warned the company to stay away from hundreds of trout streams, according to Nestle and Trout Unlimited officials.

The result: Nestle opted to pump spring water from beneath The Sanctuary, a private hunt club in Mecosta County. Groundwater beneath the Sanctuary flows into a warm water stream, the Dead Stream, which does not support trout.

Though Nestle initially stayed away from trout streams here, the company never lost its thirst for the cold, clean groundwater that percolates out of the ground and is the very essence of Michigan's trout streams.

Nestle officials said the company has been studying the possibility of pumping spring water from sites near trout steams in Osceola County since 2001. The company began scouting for water near the headwaters of the White River in 2003, company officials said.

"I think Nestle learned a lesson in Wisconsin, to not go after a trout stream in Michigan right off the bat," said Luttenton, a former officer with Trout Unlimited.

"I think Nestle had a clear strategy," Luttenton said. "They got the state's attention with jobs and built excess capacity at their plant in Stanwood, anticipating they would be looking for more sources of water down the road. Now they're targeting trout streams."

Nestle spokeswoman Deb Muchmore said Luttenton's claim was "generally accurate."
Muchmore said Nestle is trying to develop more pumping sites -- near the White River and other trout streams -- so its Ice Mountain bottling operation doesn't place too much strain on the natural resources at any one site.

But she acknowledged that construction of a second bottled water plant, whether it's built in Evart or Indiana, would enable the company to double production of Ice Mountain spring water.

The prospect of Nestle sinking more wells near trout streams worries environmentalists and some people, like Peasley, who live along the rivers the company has targeted.
"I've always expected Nestle to sink more wells in Michigan. When are we going to say, 'Enough is enough?' " said Terry Swier, director of Michigan Citizens for Water Conservation.

Swier's group sued Nestle in 2001 in a bid to shut down its Ice Mountain bottling facility. A circuit court judge ruled against Nestle and ordered the company to turn off its wells. An appellate court allowed the company to continue operating and Nestle reached a settlement with MCWC that allowed Nestle's Ice Mountain facility to pump 218 gallons of groundwater per minute from the Sanctuary site.

In 2005, the MCWC asked the state Supreme Court to overturn the appellate court ruling, claiming a Nestle court victory would open the door to more water bottling operations in Michigan. The Supreme Court is now reviewing whether MCWC has legal standing in its lawsuit against Nestle.

Swier said her group is broke and that Nestle has become "an unstoppable force" in Michigan.

Muchmore said Nestle's Ice Mountain operations boost Michigan's economy without harming its environment. She said many other companies in Michigan -- including soft drink firms, juice makers, food producers and golf courses -- use more water each year than Nestle.

Critics contend Nestle is unfairly making money by exploiting a public resource -- water -- and shipping some of that water out of the Great Lakes.

Nestle officials counter that Michigan's 2006 water withdrawal law defined water as a product that can be bottled and sold anywhere, provided it is shipped in containers smaller than 5.7 gallons.

"I think people are freaked out about bottled water because it is an obvious use of water and because of the size and the international nature of our company," Muchmore said.
Rich Bowman, the former director of Trout Unlimited's Michigan chapter who worked with Nestle when it came to the state, called the bottled water battle much ado about nothing.

"It's easy to demonize a big foreign company that's coming here to supposedly steal our water," Bowman said. "There are other, real environmental problems in this state we need to address."