



The ARAMARK Tower
1101 Market Street
Philadelphia, PA 19107-2994

FOR IMMEDIATE RELEASE

New Water & Sewer Rates Will:

- **Ensure Drinking Water Quality that Surpasses State & Federal Standards**
- **Preserve & Protect Philadelphians' Drinking Water Sources –**

Delaware & Schuylkill Rivers

- **Relieve Customers of Unexpected Repair Costs for Broken Pipes (beginning January 2005)**

(Philadelphia, January 29, 2004) Deputy Water Commissioner Bernard Brunwasser announced today that the Philadelphia Water Department is seeking to supplement water and sewer (including stormwater) rates beginning July 2004. Included in the new rates are the costs of a new customer water service line and sewer lateral repair program, expected to begin in January 2005.

The proposed new rates will be spread over a four-year period. On July 1, 2004, the first phase of the rate change will take effect. A typical residential customer's monthly bill will increase to \$45.79, an increase of \$4.03, or 9.7 percent. Rate changes for subsequent years are shown in the table below.

Typical Residential Customer Monthly Billings

Fiscal Year	Percentage Increase of Monthly Bill	Additional Monthly Water & Sewer Charge	Total Monthly Bill
2005	9.7	\$4.03	\$45.79
2006	9.7	\$4.42	\$50.21
2007	8.5	\$4.26	\$54.47
2008	9.4	\$5.14	\$59.61

A typical senior citizen household, using 500 cubic feet of water per month, can expect to see comparable increases. On July 1, 2004, rates to a typical senior citizen will increase to \$27.31, an increase of \$2.96 per month for those seniors who qualify for the Department's 25 percent senior citizen discounts.

"Even with the additional rates, our water and sewer charges will continue to be among the lowest in the region. We recognize that these new rates may place an economic burden on some of our customers. However, with the Water Department taking over the water service line and sewer lateral repairs in the street, our customers will be able to have these pipes repaired when they break, which can save them between \$1,500 to \$3,000," noted Deputy Water Commissioner Bernard Brunwasser. Beginning in 2005, the Water Department would be responsible for replacing leaking water lines and sewer laterals in the public right of way, from the water and sewer main in the street to the curb.

The proposed new rates will allow the Water Department to meet all of its operating expenses and revenue requirements, to fund its capital improvements program, and to address the need for enhanced security measures. Since the last requested rate change, the City and indeed the country have changed considerably in the aftermath of September 11, 2001. Increased costs, associated with enhanced security of the City's water supply, require the Department to spend considerably more now than in Fiscal Year 2001. The State, faced with its own budgetary problems, has ended its 50-year-old Clean Streams Grant Program ("Act 339"), which represents a loss of \$8 million annually for the operation of our wastewater facilities. Furthermore, additional regulatory costs associated with meeting mandated federal and state environmental regulations are requiring more operating and capital dollars; and the continuing demographic changes in the City are causing the Department's high fixed costs (to maintain water mains, sewer mains, pumping stations, treatment plants, sewer inlets, etc.) to be spread over fewer customers. At the same time, the Department's total annual operating budget has grown from \$427.5 million to \$484.2 in Fiscal Year 2004, due to the increasing cost of debt service on bonds, personal services, health benefits, contractual services, materials, supplies, and equipment.

"The Department has initiated numerous measures to improve service, reduce costs, and enhance revenues over the past decade. We have greatly reduced the cost of

operating our Biosolids and wastewater facilities. Our facilities and personnel have noticeably improved the condition of our rivers and streams. We have re-financed more than \$1.7 billion in revenue bonds for net present value savings of \$92 million in debt service expense. We created a Revenue Protection Unit in Fiscal Year 2000 that has recovered more than \$12.4 million to date. We have implemented the largest Automatic Meter Reading (“AMR”) program among water utilities in the nation, and we have steadily improved the credit rating of our revenue bonds. All seven of our major plant facilities have been winning national performance awards on an annual basis, while many utilities struggle to avoid large fines for regulatory non-compliance,” noted Brunwasser. “Nationally, water and wastewater utilities in such cities as Atlanta, New Orleans, and Pittsburgh have been forced to implement large double-digit, multi-year rate increases in order to comply with stringent regulatory requirements. The cities of Chicago, Cleveland, Detroit, New York, Seattle, and Washington are investing at least \$1 billion each in constructing facilities to capture, store, and treat combined sewer overflows in their systems. Without the benefit of federal funds, these and many other cities throughout the country are looking at much higher rates for their customer base.”

The Philadelphia Water Department formally notified City Council on January 27, 2004, and will file its request for new rates with the Department of Records on February 26, 2004. Plans to implement the first phase of these proposed rates are scheduled for July 1, 2004, the first day of the Water Department's new fiscal year, following the public hearing process.

A number of formal and informal public hearings will be scheduled throughout the city to provide our customers with an opportunity to comment and ask questions. A schedule of the hearings will be published in the City's major newspapers. The schedule will also be available to customers by calling 215-685-6300 in the next few weeks, and on the Philadelphia Water Department's website at <http://www.phila.gov/water>

The Philadelphia Water Department is responsible for delivering safe water to nearly 1.7 million people in Philadelphia and surrounding counties. It has the capacity to treat 540 million gallons of water each day. The Department performs more than 350,000 tests annually at its three water treatment plants to make sure the treatment processes are working as expected. In addition, thousands more samples of tap water are analyzed annually at the Department's sophisticated testing laboratory. These

samples are collected from city reservoirs and from more than 65 locations throughout the Philadelphia. The Department also maintains a vast water conveyance and distribution system: nearly 3,300 miles of water mains, 75,000 fire hydrants, 16 water pumping stations, 18 reservoirs, five water storage tanks, as well as monitoring water flows and pressures at 40 locations throughout the city.

The Department also treats wastewater at its three water pollution control plants. These plants treat 489 million gallons of wastewater per day to meet federal and state standards. They are the heart of a collection and treatment system that includes 17 wastewater pumping stations, three stormwater pumping stations, nearly 3,000 miles of sewers, 85,000 manholes, and 75,000 stormwater inlets, 23 rain gauges, 23 suburban wastewater metering stations, 203 wastewater/stormwater level and flow sites. The Department's wastewater system serves more than 2.2 million people in Philadelphia and the suburbs. Its service area totals 360 square miles, of which 130 square miles are in the City and 230 square miles are in suburban areas.

###