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**Philadelphia Water Department Receives Credit Rating Upgrade
Rating Reflects Consistently Strong Management and Sound Financial Operations**

PHILADELPHIA – The City of Philadelphia Water Department received an upgrade in its credit rating to A with a stable outlook from Standard & Poor’s Rating Service. The City of Philadelphia Water Department also received confirmation of its current credit A3 rating with a stable outlook from Moody’s Investors Service. The ratings were done in connection with the reoffering of \$78.5 million of the department’s 1997b variable rate bonds and affects approximately \$1.6 billion of municipal bonds. Both reports cited a consistently strong management team, outstanding financial performance and ongoing improvements in environmental compliance.

“This credit rating upgrade is an acknowledgment of the hard work and dedication of all of our employees and will allow us to continue to provide Philadelphia rate payers with excellent service,” remarked Water Commissioner Bernard Brunwasser. “We continue to have some of the lowest rates in the region for water, wastewater, and stormwater services while having great success in containing costs, increasing employee productivity and improving services. The impact of these cost-saving measures has been to keep services high, and rates low.”

The credit rating upgrade and stable outlook means that the Water Department can finance its long-term capital projects at more favorable interest rates, because of continued, efficient operating and financial management. These long-term, capital projects include water main replacement, flood mitigation and stormwater management.

Commissioner Brunwasser went on to say, “It is gratifying to have the Water Department’s operational and financial management decisions confirmed by the response of the municipal bond market. The Department will continue its conservative financial management of the utility while retaining its leadership role in meeting regulatory and environmental water and wastewater challenges.”

Standard & Poor’s Rating Services attributes this rating to the Department’s consistently strong management team and sound overall system operations. “Philadelphia’s well-experienced utility management team continues to emphasize, and is achieving, improved system maintenance, stronger collections, and more-comprehensive fiscal monitoring systems.”

Moody’s Investor’s Service echoed S & P’s sentiments. “The management team of the Water Department has produced a strong record of operational and financial achievements over the past decade. Operational achievements include continued improvements in environmental compliance, launch of a proactive water main replacement program that has significantly reduced the number of main breaks and installation of automatic meters for a significant proportion of residential customers. Operating costs have been well controlled and the city’s rates remain very competitive and are approximately one-half of many regional providers. The credit outlook for the city’s Water and Wastewater Revenue Bonds remains stable. The outlook reflects our anticipation of continued good operating and financial management, including maintenance of healthy (though possibly reduced) balances in the Rate Stabilization and Residual Funds and/or satisfactory coverage.”

The Philadelphia Water Department is the oldest and one of the largest publicly-owned water, wastewater, and stormwater utilities in the nation, and has a proud record of providing safe drinking water, protecting the environment and maintaining fiscal responsibility. The Department employs a dedicated and talented group of laborers, skilled trades workers, engineers, scientists, technicians, managers, and other support employees who provide high-quality services to the public.

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