



## Why are water rates changing?

The Philadelphia Water Department last raised rates in FY 2013. Since that time, PWD total annual budgeted operating expenditures and encumbrances have increased from \$588.9 million to \$691.6 million in fiscal year 2013 and are estimated to increase to a projected \$727.7 million in FY2015 for the waterfund budget. Total annual operating requirements are projected to increase to over \$782.0 million by the end of the Rate Period (FY 2016).

Beginning July 1, 2013, your water, sewer and stormwater bill reflect new rates for water and wastewater services for the period of July 1, 2013 to June 30, 2014. These new rates are the second of a three-phase change to rates to be spread over a two-and-a-half-year period. During the second phase, a typical residential customer's monthly bill will increase to \$64.24, an increase of \$3.50. A typical residential customer uses 600 cubic feet of water monthly and has a 5/8" meter.

## Causes of Increased Funding Needs

### Change in Consumption Patterns

Decrease in revenue due to a reduction in water consumption.

### Environmental Regulatory Requirements

Clean Water Act and Safe Drinking Water Act have resulted in enhanced security measures at all facilities, increased watershed protection activities around Shale, Iodine 131 and other river contaminants, flooding relief projects, combined sewer overflow control, and the implementation of *Green City, Clean Waters*.

### Debt Service to support Capital Projects

Associated with revenue bonds to fund PWD's Capital Program to meet expanding regulatory requirements and ensure that the department's 6,000 mile water and sewer infrastructure is robust and reliable.

### Working Capital

Reserve funds to handle emergency situations and/or other unforeseen financial demands.

### Financial Management Plan Implementation

Costs related to revised financial plan and strategies to improve the financial sustainability of the Department through enhanced rate stabilization coverage and increased reserve in the department's Residual Fund to achieve an "AA" bond market credit.

### Personnel

Wages, pension, health care, and fringe benefits have nearly doubled since 2003.

### Debt Reserve Surety

Costs related to the replacement of the debt reserve surety and miscellaneous other costs to provide for the orderly and prompt replacement of these surety funds upon the expected downgrade as a result of the European debt crisis.

### Assistance Programs

PWD has increased the range and funding for programs to assist rate payers impacted by changing economic conditions and/or rates.

### General Inflation and New Programs

Increased costs of materials, services, supplies, chemicals, and energy.