



# Why are we requesting water rate changes?

**Philadelphia Water is requesting a rate change to fund critical investments in aging infrastructure, including replacing dozens of miles of water mains and sewers per year.**

Philadelphia Water last raised rates in July 2014. Since then, our total annual obligations have increased from \$696 million to an estimated \$725 million in fiscal year 2016, and are projected to increase to \$776 million by fiscal year 2018. Increased costs are managed by rate increases and transfers from the Rate Stabilization Fund.

Based upon the proposed rate changes, your water, sewer and stormwater bill could reflect new rates beginning July 1, 2016.

Projected expenses have increased due to a number of factors detailed below. Beyond maintaining our current level of service, Philadelphia Water is committed to giving customers the best value for their money by increasing community investments and making improvements in customer service, billing, emergency response times, construction site quality of life standards, and more.

## What's causing increased funding needs?

### ▼ **Changing water use**

As plastic, single-use water bottles become more popular and water appliances become more efficient, people are using public water services less, which means less revenue for Philadelphia Water.

### ▲ **Aging Infrastructure**

Costs associated with funding our Capital Program, which allows us to rehabilitate our aging, 6,000 plus-mile water and sewer infrastructure and meet expanding regulatory requirements, are increasing.

### ▲ **Customer Assistance**

Discounts and grants are offered to eligible residential and non-residential customers.

### ▲ **Environmental regulatory requirements**

- Compliance with State and Federal regulations requiring substantial reductions in stormwater runoff, pollution, and combined sewer overflows during storms
- Clean Water Act and Safe Drinking Water Act enhancements to provide consistent, top quality water, sewer, and stormwater treatment
- Watershed protection measures focused on stormwater management, land use, industrial and agricultural operations that can impact river water quality

### ▲ **Personnel**

Workforce costs including pensions, health care, and additional benefits are projected to increase by 12% from fiscal year 2015 to fiscal year 2017.

▼ = decreased revenue    ▲ = increased cost