



# We keep costs as low as possible.

Like all water and wastewater utilities, Philadelphia Water is challenged by rising costs in a number of areas.

We are undertaking a number of measures to lower and manage expenses so we can keep costs as low as possible. This includes **our revenue protection program, proper debt management, using wastewater byproducts to produce the energy needed to operate treatment plants**, and more:

## Best-Value Investments to Meet Regulations

Compared to more costly alternatives, the *Green City, Clean Waters* program (part of our required plan to meet State and Federal pollution regulations) will save customers hundreds of millions of dollars over the next two decades while maximizing environmental and community benefits through the use of green infrastructure.

An independent, cost-benefit analysis found that **traditional combined sewer overflow (CSO) management tools, such as tunnels, would cost billions more.**

## Smart Debt Management

- In 2014, Philadelphia Water took steps to refund debt, resulting in cash-flow savings of approximately **\$500,000 to \$635,000** per year.
- Bonds sold in 2015 (Series 2015B) created **savings of approximately \$2.8 million** in fiscal year 2016, **\$852,900** in fiscal year 2017, and **\$781,000** in fiscal year 2018. Future savings range from **\$480,000 to \$1.2 million** in years 2019 to 2036.

## Smart Infrastructure Investments

In 2015, Philadelphia Water took steps to align debts in a forward-thinking way that provides cost savings to current ratepayers by spreading out the debt across the life of our infrastructure investments.

## The Rate Stabilization Fund

The Rate Stabilization Fund was established to provide funds to cover annual expenditures when the revenues are less than projected and to prevent the need for large swings in the water rates year to year. In fiscal year 2016, Philadelphia Water is projecting a withdrawal from the fund of **\$36.9 million** to cover expenditures, allowing us to operate without a rate increase this fiscal year.

This fund is also being used to modulate rate increases in fiscal years 2017 and 2018. The projected withdrawal from the fund is \$19.3 million and \$39 million respectively. With a zero percent increase in fiscal year 2016, the three year average rate increase is equivalent to a 3.85% increase per year.

## Revenue Protection Program

In recent years, Philadelphia Water has implemented a host of initiatives to reduce and control water and revenue losses, including smart metering and leak detection.

Between fiscal years 2014 and 2015, a total of **\$9.46 million** was recovered.