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**Water Commissioner Lowers Rate Change to \$3.49 a Month
Rates Still Among the Lowest in Region**

PHILADELPHIA- Water Commissioner Bernard Brunwasser has announced that the Philadelphia Water Department is implementing a four-phase change to rates over an approximate three-and-a-half-year period, from November 1, 2008 to June 30, 2012. The rate changes are slightly lower than those originally requested and will keep the Department's rates among the lowest in the region.

Beginning November 1, 2008, a typical residential customer's bill will change by an additional \$3.49 a month, or a total monthly bill of \$52.84. This change is for the period of November 1, 2008 to June 30, 2009. A typical senior citizen's monthly bill will change by an additional \$1.91, or a total monthly bill of \$33.00, for those seniors who qualify for the Department's 25-percent senior citizen discount. The income test to qualify for this discount has been raised to \$29,800.

In addition, the Department has adopted rate changes to be phased in over a three-year period for Fiscal Years 2010, 2011 and 2012. These changes include:

- \$3.40 increase in the typical monthly bill (total monthly bill of \$56.24) for July 1, 2009 to June 30, 2010;
- \$3.20 increase in the typical monthly bill (total monthly bill \$59.44) from July 1, 2010 to June 30, 2011; and
- \$3.49 increase in the typical monthly bill (total monthly bill \$62.93) from July 1, 2011 to June 30, 2012.

The new rates will enable the Water Department to meet rapidly escalating costs of fuel, chemicals, employee benefits, regulatory demands, and debt service, and to continue a variety of

initiatives that are critical to protecting Philadelphia's drinking water quality, preserving its waterways, and improving stormwater management programs.

According to Commissioner Brunwasser, "After reviewing all of the documentation presented during the public hearing process, I believe it is necessary for us to hold any rate change to a minimum. Many of our customers are dealing with economic hardships, and it is imperative for us to remain affordable." Based on the Commissioner's decision, more than \$45 million in revenue requirements were reduced from the original filing without jeopardizing public health and safety, as well as the quality of services that the Department provides to customers.

The new rates will enable the Philadelphia Water Department to meet its obligations under the City Charter of having a balanced budget through June 2012 and to meet its bond covenants.

The Water Department has implemented numerous measures to improve service, reduce costs, and enhance revenues over the past decade. The Department has greatly contributed to the noticeably improved quality of Philadelphia's rivers and streams. It has refinanced more than \$345 million of debt as part of a November 2007 bond issue, saving \$14.7 million. This brought the net present value savings of bonds refinanced to \$107 million since 1993.

A Revenue Protection Unit, created in Fiscal Year 2000, has investigated more than 13,000 customer accounts and recovered more than \$19 million in revenue to date. The Water Department has implemented the largest Automatic Meter Reading program among water utilities in the nation, and has recently received a credit rating upgrade from Standard and Poor's to A for its consistently strong management team, outstanding financial performance and ongoing improvements in environmental compliance.

This decision is a culmination of a process that began in April 2008 with the announcement of the proposed rate increase to City Council. In May 2008, PWD filed revised rate regulations with the Department of Records. Mayor Nutter, in conjunction with the City Council President and City Controller, appointed a Public Advocate and an Independent Hearing Officer. Formal and informal discovery periods followed in June 2008. The Hearing Officer held a Pre-Hearing Conference on June 6, 2008 and Public Hearings on July 21, 22, 24, 25 and 31, 2008 to give the public an opportunity to express its opinion. On October 7, 2008, the Hearing Officer delivered his report to the Water Commissioner, which assisted the Commissioner in making his decision.

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