FY 2008 Operating Budget Testimony
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Philadelphia Water Department
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Good afternoon, President Verna and Members of City Council. I am Bernard Brunwasser, Water Commissioner, appearing before you today to testify on behalf of the Philadelphia Water Department's (PWD) FY08 operating budget request. Our proposal for a Water Department budget of $403,493,757 is augmented by an additional $300.5 million for other Water Fund activities, including the Water Revenue Bureau, debt service, and central agency support---for a total of $704 million.

Water Department Class 100 budget requests of $93,491,024 are up by $6.7 million over FY07 estimated obligations and $1.3 million over FY07 appropriation levels due primarily to the need to fund a 4% salary increase for employees. Class 200 budget requests of $100,888,069 for contractual services are up by $29.4 million over FY07 estimated obligations and $18 million over FY07 appropriation levels due mostly to additional costs of $5.9 million more for sludge disposal, $3.4 million for utilities, $3 million for a new flooding mitigation program, $6 million in surety bond and transaction costs, and $4 million budgeted for a new contract to operate our Biosolids Recycling Center (BRC). Later in my testimony I will more fully address the BRC project.

Class 300 budget requests of $37,390,300 are up by $2.6 million over FY07 estimated obligations and $2.4 million over FY07 appropriation levels due primarily to large increases in the cost of chemicals used at the Department's water treatment and water pollution control plants. The Department has completed a transition away from the use of liquid chlorine and replaced the chlorine with safer, but more expensive, compounds like sodium hypochlorite.

Although the proposed FY08 total Water Fund operating budget of $704 million is $160.8 million higher than our FY07 appropriation, it is important to note that $131 million of this total is accounted for by a $125 million transfer of funds from the Water Department's Debt Service Reserve Fund to the operating budget and $6 million to pay the cost of surety bonds and other costs related to the surety substitution. These bond proceeds will eventually be deposited in the Water Residual fund's Special Infrastructure Account, as previously approved by City Council Bill 060005, to acquire or construct Water and Sewer infrastructure projects that are consistent with the City's New River City economic development initiative. When this one-time transaction is excluded, the increase in the Water Fund's total FY08 operating budget as compared to the FY07 budget is $29.8 million or 5.5%.

As you know, the Philadelphia Water Department is a municipal utility serving the citizens of the Philadelphia region by providing integrated water, wastewater, and storm-water services. Our primary mission is to operate and maintain the infrastructure necessary to provide high quality affordable drinking water to protect the public health; to provide an adequate and reliable water supply for all residential, business, and public needs; and to sustain and enhance the region's watersheds and quality of life by managing wastewater and storm water effectively.

The Water Department operates three drinking water treatment plants, processing an average of 258 million gallons of treated drinking water (from the Delaware and Schuylkill rivers) each day, three wastewater treatment plants cleaning an average of 430 million gallons per day of sewage, a biosolids recycling facility, a sophisticated testing laboratory, and a range of customer services, technical and administrative support services. In addition, the Department maintains 3,133 miles of water mains, 3,516 miles of sewers, 79,159 storm water inlets, 26,080 fire hydrants, and extensive related infrastructure. The Water Revenue Bureau (WRB) of the Department of Revenue provides support for water and sewer billings and collections for the utility.

Safe Drinking Water, Environmental Protection, and Reasonable Rates

Philadelphia's drinking water is safer than ever, substantially better than state and federal regulations for purity require. Further, we are investing in additional improvements to our treatment processes to continue to minimize any risk to public health. Philadelphians have recognized the improvements in services provided by the Water Department, and our most recent citizen survey results show an 81 percent satisfaction with overall PWD services, and an 82 percent satisfaction with overall water quality. These are the highest levels of satisfaction ever received by PWD in this survey.

We are also treating wastewater to award winning levels, overseeing the cleanest water environment in 150 years, and making progress in protecting our watersheds to keep our streams and rivers clean. Over the past ten years PWD has made tremendous improvement in the operation of its wastewater treatment plants. The three Water Pollution Control Plants (WPCPs) have maintained high levels of treatment such that they have been recognized by the National Association of Clean Water Agencies with either Silver, Gold or Platinum awards over the past decade. This year, all three of our WPCPs will receive Gold awards reflecting perfect compliance with their National Pollution Discharge Elimination System permits in calendar year 2006. Last year, all three plants also achieved gold awards for perfect permit compliance during calendar year 2005.

In terms of rates, the PWD continues to have some of the lowest rates in the region for water, wastewater, and storm-water services. The PWD has had 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. From FY97 through FY06 the Department increased rates in five of ten years, adding up to a total increase for residential customers of 24.7 percent during the entire ten-year period. This rate of increase is well below the Philadelphia Consumer Price Index (All Urban Consumers, All Items), that measured 31.4 percent during the same period.

In July 2005, the Water Department announced a revision of rates for the period covering FY06 through FY08. These rates were needed due to seven major cost factors that impacted the Department from FY05 to FY08: Increased debt service ($72 million); coverage-based required contributions to the Residual Fund ($68 million); loss of state subsidy for wastewater operations ($32 million); increased personnel costs ($28 million); decreased interest earnings ($25 million);

inflation on material, supplies, equipment and contracted costs ($20 million); and additional security and related costs ($9 million).

For the typical PWD residential customer, the rate revision translated into an increase of 1.9 percent or a $0.88 monthly increase that began on August 1, 2005; a 6.7 percent or a $3.20 monthly increase starting July 1, 2006; and a 4.2 percent or a $2.14 monthly increase starting July 1, 2007. The increase for a typical senior citizen household, for those seniors who qualify for the Department's 25 percent senior citizen discount, is an average of 4.2 percent annually for three years. A typical senior citizen's monthly bill was $28.50 in FY06. The income test to qualify for this discount has been raised to $26,700.

These rates and charges will enable the Philadelphia Water Department to meet its obligations under the Charter of having a balanced budget through FY08. The Department anticipates that further rate revisions will be required in FY09 and beyond. The Department has budgeted $1.035 million to conduct a rate study beginning in FY08, and to fund other aspects of the rate process. The exact amount and timing of any rate revision will not be known until completion of the study and the mandated rate process.

Unlike many neighboring communities where sewer bills are separate from water bills or assessed through an annual charge, Philadelphians receive a bill that combines water, wastewater, and storm-water charges. Unfortunately, this combined billing sometimes leads to the misimpression that our water rates are high. In fact, even with the most recent revisions to rates, Philadelphia's water and sewer charges continue to be among the lowest in the region.
As shown on the following table, PWD's water rates are less than half those charged by some neighboring investor-owned utilities.

2006 Regional Residential* Water and Sewer Charges

	Monthly Water Bill	Monthly Sewer Bill
Aqua Pennsylvania+	$50.70	N/A
Pennsylvania American Water+	$45.82	N/A
New Jersey American Water+	$34.08	N/A
North Penn Water Authority +	$26.63	N/A
North Wales Water Authority +	$25.54	N/A
Doylestown Township	$33.60	$51.87
CCMUA (Camden County) **	N/A	$26.25
Trenton	$23.09	$26.36
Philadelphia Water Department	***$21.52***	***$20.82***

Rates in effect on November 27, 2006. Storm water charges ($8.83) are excluded from sewer calculations, because many jurisdictions fund such services from the general tax base or a separate utility assessment.
*Calculations based on 5,984 gallons/month (800 cu.ft.)
** Sewer-only utility.
+ Water-only utilities.
Source: Philadelphia Water Department

Highlights of the Proposed FY08 Operating Budget

In past years, we have shared many of our successes in cost containment and revenue enhancement with you. These efforts have saved the Water Department millions of dollars in annual operating costs, and have enabled the Water Department to offer high quality utility services, and maintain rates that are competitive or lower than comparable utilities. Savings have resulted from a variety of sources including: Restructuring discounts, maximizing grants, refinancing debt, reduced days lost to injury, energy savings, automatic meter reading, and plant operating efficiencies. The financial community has recognized the superior performance of the PWD, and on March 14, 2007 the Water Department successfully re-funded $345 million of water and wastewater revenue bonds for a net present value savings in excess of $14.5 million in future debt service expense. These savings will primarily be recognized in FY09 through FY12, and will help to moderate rate increases during these years. All three of the major bond rating agencies (Moody's, Standard and Poor's and Fitch) rated the Departments bonds in the "A" minus/stable range. Moody's Investors Service assigned an A3/stable outlook rating to the Water Department and attributed this rating to the Department's strong management, improved financial operations, significant cash balances in the Rate Stabilization Fund and ongoing improvements in environmental compliance. Rather than cite all of our historical improvements today, I would like to highlight a few achievements, and I have included a more comprehensive list in Appendix I.

Funds in the FY08 will also continue to be invested in programs that reduce operating costs and increase revenue. Building on the success of our Automatic Meter Reading system (AMR), the largest water utility AMR system in the USA, in 2001 the Department began using AMR data to address billing discrepancies through the implementation of a Revenue Protection Program. Through FY06 this proactive revenue enhancement program has recovered billings of $18 million, and projections for revenue recovery in FY07 are an additional $2 million. PWD is also using its AMR system to help identify loss of treated water from the distribution system, and to reduce uncaptured revenue. Over the last decade, PWD has cut non-revenue water by 43 percent, from 133 million gallons per day (mgd) to a record low of 76 mgd in FY06. A number of initiatives contributed to the reduction in FY06, including a leak detection and repair program that surveyed over 1,104 miles of pipeline for leaks, and abated leakage of 29 mgd, representing a cost savings of over $1.3 million. Our wholesale water and wastewater sales to surrounding suburban counties have contributed millions of dollars in revenue; in FY06 the PWD collected $42 million from wholesale water and wastewater customers. By expanding services beyond the City's borders, the capital costs of maintaining the utility's infrastructure is spread over a larger customer base, thereby keeping costs low for both current and new PWD customers.

As I mentioned previously, PWD's FY08 budget also includes $4 million in class 200 funds for a new contract to operate the BRC. This contract is addressed in Bills 060108, 060109, and 060111 that have been submitted to Council. These bills will authorize the City of Philadelphia acting through the Philadelphia Municipal Authority to engage in a long-term contract for the operation of the City's BRC. This project will make major improvements at that facility including a significant reduction in odors.

Most significantly, it will ensure that the City will continue to reliably and efficiently recycle its biosolids in accordance with current and future environmental regulations. This project has the added benefit of replacing the present composting operation and related storage

piles with an attractive and fully enclosed facility that will eliminate odors, comply with Pennsylvania air emission requirements, and improve the overall appearance of the BRC site.

The project will be undertaken with significant participation from MBE, WBE and DSBE firms during construction and operations, as well as the participation of Synagro, the largest Biosolids management firm in the US. The result will be a much more pleasant approach to the City via the Platt Bridge or Route I-95. This project will significantly reduce operating costs for the City, a savings estimated at $190 million.

Today, I will focus on service initiatives in FY07 and enhancements targeted in FY08, while reaffirming PWD's commitment to operating as cost-effectively as possible in the years ahead.

Improving Drinking Water Quality

Philadelphia's drinking water meets or surpasses the requirements of state and federal standards 100 percent of the time. Since voluntarily joining the US Environmental Protection Agency's (EPA) Partnership for Safe Water (PfSW) in 1998 (a joint program of the EPA and the water industry), the PWD has committed itself to reduced "turbidity," an industry standard measure of water purity. In FY06, the turbidity of Philadelphia's water (.05 ntu) was 83 percent lower than the amount required by state and federal regulations and 50 percent lower than the Partnership's turbidity goal of 0.1 ntu. Nationally, the PWD is among an elite group of 56 water utilities that have received a Directors Award from the PfSW for meeting the partnerships goals for five consecutive years.

In FY08 PWD will focus on documenting compliance with the newest EPA water quality requirements, the Long-Term 2 Enhanced Surface Water Treatment Rule that was published in the Federal Register in January 2006. The PWD water quality program, instituted to achieve the PfSW goals is now well positioned to achieve compliance with the requirements of the new rule. The annual cost to achieve the goals of the PfSW is $1.8 million.

PWD has been able to stay one step ahead of drinking water regulations through the operation of a pilot plant research program initiated in FY98. The pilot plants are essentially miniature water treatment plants that allow the PWD to study and test the impact of modifications to water treatment procedures prior to moving forward with system-wide changes. In FY08 pilot plant studies will focus on the effectiveness of coagulants other than ferric chloride, which PWD has used as a coagulant in the water treatment process. Coagulants are used to treat the water to make it more filterable by binding to organic particles in the source water and causing these particles to fall out of the water treatment process by virtue of the combined weight of the coagulant and the particle. Changes in regulatory requirements and increasing coagulant costs have driven PWD's need to evaluate alternative coagulants. In FY08 PWD will also experiment with a pre-treatment process called MIEX (Magnetically Induced Ion-Exchange). This process removes a significant portion of the dissolved organic component of water prior to coagulation. This technology may offer PWD the freedom to use non-iron based coagulants. The annual cost for operation of the pilot plant is $970,000.

Protecting the Region's Environment: Improving Our "Watersheds"

Many Philadelphians are unaware of the connection between the work of the Water Department and the quality of their local "watershed"— the creeks, streams, rivers, and surrounding land that provide fresh water both for recreational enjoyment and for drinking water supply. After the tremendous investment and progress in wastewater treatment sparked by the federal Clean Water Act over 30 years ago, the City now enjoys watersheds that are cleaner and healthier than they have been in well over a century. Once plagued by federal consent decrees for the failure to operate our wastewater treatment facilities in compliance with environmental regulations, these same plants are now winning national industry awards.

Protecting the source of Philadelphia's drinking water is a multi-faceted task that extends beyond the traditional boundaries of the City. In FY05, PWD completed a source water protection plan for the Schuylkill River. The Schuylkill plan is being integrated with that of the Schuylkill Action Network (SAN), a larger group of state and federal regulators, water suppliers, conservation districts, and watershed groups. SAN is working to coordinate regulatory and restoration efforts to protect the Schuylkill River as the premier drinking water resource for the region. In FY05, PWD, the Partnership for the Delaware Estuary, and SAN received a $1.15 million Targeted Watershed Initiative Grant from the US EPA. More than 70 proposed projects will be implemented with these grant funds. Projects include controlling storm water and agricultural impacts, removing acid mine drainage impacts, and developing market-based incentives for pollution trading. Funds in FY08 will also be dedicated to address contamination from agriculture through the installation of vegetated buffers and fencing along impaired streams to reduce runoff and keep livestock out of the streams. Urban and suburban storm water runoff will be addressed through a series of projects aimed at reducing runoff at sensitive locations through the installation of swales, retention basins and buffers and outfall retrofits. Finally, a significant portion of the grant will be dedicated toward educating the public on source water protection issues and their role in protecting our region's drinking water supply. Based on the success of the Source Water Protection Program, the Water Department has been awarded the USEPA Region III (Mid Atlantic States) 2002 Source Water Protection Award, the American Water Works Association's 2003 Exemplary Source Water Protection Award and the 2005 American Council of Engineering Companies Diamond Award for the Schuylkill River Source Water Assessment. These awards recognize the Water Department as the model for the region and country in the area of Source Water Protection.

In a related program, in FY08 the SAN will continue to operate the Philly RiverCast System. The Philly RiverCast System is a forecast of water quality that predicts potential levels of pathogens in the Schuylkill River between Flat Rock Dam and Fairmount Dam (i.e., between Manayunk and Boathouse Row). The Philly RiverCast System uses a three-tier color scale to

- Green: Water quality is suitable for all recreational activities.
- Yellow: Water quality may not be suitable for activities involving direct contact with the river.
- Red: Water quality is not suitable for activities involving direct contact with the river.

The FY08 budget will also continue the development of an Early Warning System (EWS) to further protect our drinking water supplies from chemical spills and other potential hazards. The Delaware Valley Early Warning System, which covers both the Schuylkill and lower Delaware Rivers, is a fully integrated computer-based system that includes three major components: a telephone-based notification system, the website and data management system, and a water quality monitoring network. Philadelphia's EWS has now successfully performed in several major water quality events over the last three years, including a cyanide spill in the Wissahickon Creek in 2006. In FY08 the system will be expanded to include a time of travel spill model, additional phone and email notification, and an upgrade to permit the receipt and processing of data from a new fish monitoring device for toxic spills. The FY08 budget will include an additional $450,000 for these improvements.

In FY08, the PWD also intends to continue the activity of its Waterways Restoration Team (WRT). The WRT consists of crews devoted to removing trash and large debris from the streams and tributaries that define our neighborhoods. The teams also perform restoration work around PWD's storm and combined sewer outfalls. In FY05, the teams removed over 700 tons of debris from Philadelphia's streams, and in FY06 another 425 tons. A large component of the team's mission is to work in partnership with the Fairmount Park Commission (FPC) to restore tributaries and streams that have been significantly damaged over decades by the volume and velocity of flows from sewer outfalls and from the forces of storm water runoff. Natural Stream Channel Design (NSCD) is the preferred stream restoration methodology of regulatory agencies and citizens as it results in streams that have the potential for supporting habitat and that meet the aesthetic desires of park users. In FY08 the WRT will initiate five new restoration projects, and work in partnership with the FPC and related Friends' groups to bolster a public/private partnership that is essential to sustaining the effectiveness of this project. The cost for this program in FY08 will be $1.5 million.

Customer Service Initiatives

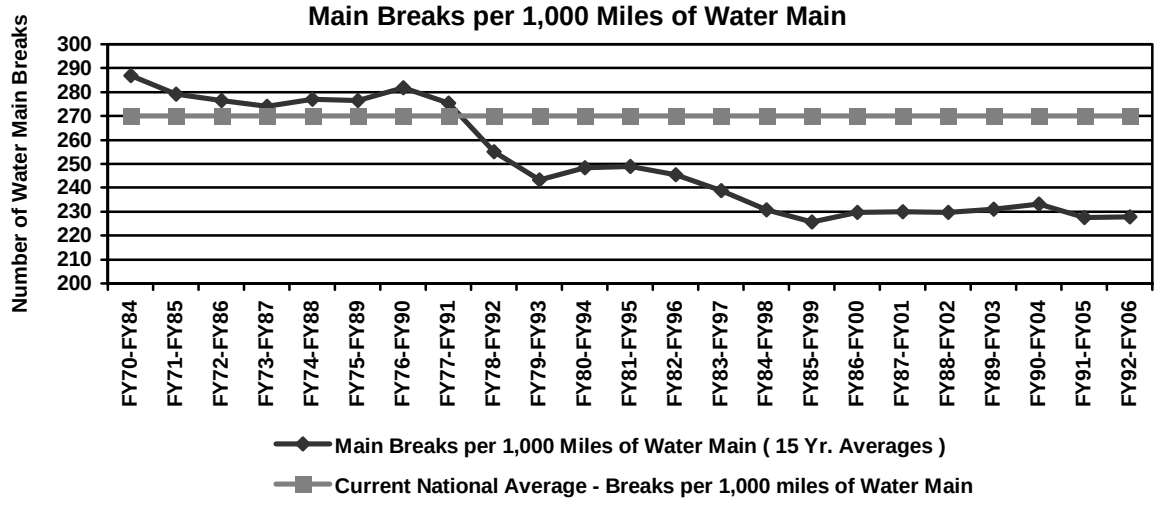
PWD's management of the storm-water system is an important service for both flood control and environmental protection. With approximately 79,159 storm drains to maintain, the Department focuses on keeping them in good condition to prevent blockage of storm-water flow and creation of hazardous conditions for pedestrians. In FY06, PWD cleaned 76,721 storm drains, a 12 percent increase over the FY97 level. In addition, the Department reconstructed 10,837 storm drains, tripling the FY97 level. In January 2006, PWD also initiated new Storm-water Regulations. The new regulations are an important tool in the City's efforts to reduce flooding and to protect our rivers and streams. Accordingly, all development projects that disturb more than 15,000 square feet of earth must comply with water quality and non-structural site design requirements that are consistent with state and federal storm-water best management practices. Storm-water regulations include four major components: Water quality protection, channel protection, flood control, and non-structural site design (minimizing impervious land cover). In FY08 the PWD has budgeted an additional $900,000 to expedite the review of storm-water plans. Also, in FY08 the PWD has budgeted $3 million to fund backwater valve installations in flood prone properties. These backwater valves will help to protect properties that are prone to flooding due to sewer backups.

In addition to maintaining the affordability of our rates and improving our operating performance, the PWD and the Water Revenue Bureau (WRB) have long been leaders in providing assistance to customers who find it difficult to afford their utility bills. In FY06 the PWD and WRB supported special discounts and customer assistance programs at a cost of over $16 million. The services provided in FY06 are summarized in Appendix II (attached), and represent a major commitment to helping customers who might otherwise face service shutoffs. The Department intends to continue these programs at comparable levels in FY08.

Asset Management

The PWD maintains and operates six large water and wastewater treatment facilities. These systems are highly complex to operate and require a large portion of the Department's operating and capital resources to maintain. Integrated with these plants is an extensive network of underground infrastructure that delivers water to a population of over 1.7 million and carries sewage for treatment from a population of more than 2.2 million through retail service in Philadelphia and wholesale water and wastewater contracts in the suburbs. Investing in the maintenance of this infrastructure is a major priority for the PWD. Investments in infrastructure not only maintain these assets for future generations, they also help to cut down on costly emergency repairs.

PWD closely monitors water main conditions to ensure that adequate capital investment is made, the integrity of the water supply system is sustained, and the occurrence of disruptive and costly water main breaks is reduced. Over the past 10 years, PWD has accelerated the replacement of water mains, with the goal of replacing 0.8 percent of the distribution system, or 22 miles each year. In FY06, the 18 miles of main replaced were less than goal due to delays in passage of PWD's capital budget in the prior year. Despite the delay, continued improvement is evident, as illustrated by the 15-year moving average for main breaks. As shown in the chart below, the FY92-FY06 level, 228 breaks per 1,000 miles, exceeds the national average of 270 breaks per 1,000 miles, and is near the lowest level in more than twenty years. In FY08 PWD plans to replace 22 miles of water main.



Maintaining the sewer system infrastructure is equally important, even though the failure of these systems may be less apparent than a water main break. With over 3,000 miles of sewer collecting nearly 500 million gallons of sewage per day, assessing the condition of the sewer system is a major part of the Department's operations and maintenance program. Completed in Y05, a $6 million pilot sewer assessment program evaluated the condition of the sewer system infrastructure using video technology to inspect over 215 miles of sewers, and used this information to build a database and ranking system to prioritize needed improvements. In FY08 trained PWD personnel will continue the sewer assessment surveys, and use the data to prioritize needed sewer reconstruction and repair, and schedule this work in the capital and operating budgets. This project has already helped to identify sewers that were in immediate need of repair, and it is anticipated that over time this project will result in a reduction of costly and disruptive emergency sewer repairs, such as those that occur when a sewer collapses. In FY08, $4.5 million is budgeted to continue the video inspections and to perform additional excavations and repairs.

In addition, the PWD's Revenue Protection Program has successfully identified billing errors, lost customer accounts, and unauthorized consumption, enabling retention of millions of gallons of unbilled water and recovery of revenues totaling over $18 million since the inception of the program in 2000. In FY06, PWD investigated 1,436 accounts with recovered billings totaling $1.8 million. The PWD is also participating in several water industry research projects to pilot innovative leakage management controls, and has become a recognized industry leader in water loss control. This program is planned to continue in FY08 to FY12 at comparable levels.

Conclusion

None of the above financial or service improvements would have been possible without the hard work and professional achievements of the people of the Philadelphia Water Department. We are one of the largest publicly owned water, wastewater, and storm-water utilities in the nation, and we employ a dedicated and talented group of laborers, skilled trades workers, engineers, scientists, technicians, managers, and other support employees to provide high quality services to the public. As in recent years, I would like to recognize these workers, and to call your attention to their professional achievements. PWD staff holds leadership positions and participate in the American Water Works Association, National Association of Clean Water Agencies, Delaware River Basin Commission, Eastern Meter Management Association, Partnership for the Delaware Estuary, Coastal Zone Management Steering Committee for PA, Water Environment Federation, Pennsylvania DEP Water Advisory Council, and the Pennsylvania section of the American Waterworks Association. All of us look forward to continued partnership with City Council toward further improvement during FY08 and the years ahead. At this time, I would be happy to answer any questions that you may have.

Appendix I

Partial Listing of Water Department Financial and Operating Improvements

- March 14, 2007 the Water Department successfully re-funded $345 million of water and wastewater revenue bonds for a net present value savings in excess of $14.5 million in future debt service expense.
- In May 2005 the Water Department successfully closed on a $250 million water and wastewater bond sale, providing financing for capital projects for the next two years.
- In November 2001 the Water Department successfully closed on a $286 million water and wastewater revenue bond sale. In conjunction with the sale, the department's bond ratings were upgraded to A- from BBB+ by Standard & Poor's, and A3 from Baa1 by Moody's Investors Service. This marks the first time since 1990 that the Water Department has been rated at the A-level by all three bond rating agencies. Overall interest cost to the department was just over 5%, and the refinancing portion of the transaction, approximately $36 million, resulted in net present value savings of $1.7 million. This most recent transaction followed several years of significant debt restructuring, including one of the largest tax-exempt bond transactions in Pennsylvania history in 1993—nearly $1.2 billion. In combination with a 1995 refinancing of $221 million, and a 1999 refinancing of $166 million, these four transactions have saved ratepayers a total of over $63 million in net present value terms.
- In November, 2002 City Council unanimously approved a bond ordinance allowing the city to take advantage of very favorable interest rates and enter into an interest rate swap agreement with a bank in return for a large up-front payment from that bank. The Swap was executed in December, 2002 with PWD receiving just under $29 million (net) in Swaption premium payments from Salomon Smith Barney.
- We have also established a Capital Account, under which we annually deposit approximately $16 million in operating funds toward our capital program (in an amount equal to at least one percent of the total value of all facilities). From the inception of this mechanism in FY94 through the end of FY06, we have contributed a total of $203.2 million into this account, significantly reducing our need to take on additional debt.
- We have also established a Residual Account, under which certain Water fund revenues are deposited in accordance with the bond ordinance's flow of funds. Since, FY2002 the Department defeased an extra $24.5 million of bond debt since June 2002, lowering debt service expense utilizing these funds. The Department also transferred revenues in this fund to the Capital fund to offset the need for future borrowings. These transfers have totaled $42 million for FY04, FY05, and FY06.
- Similarly, through an improved program of preventive maintenance, increased automation, and energy savings initiatives, total annual costs at our three wastewater treatment plants have been reduced from $41.2 million in FY93 to $ 30.1 million in FY00, a savings of 27%. In FY03 costs for these facilities remained below the $30 million level. Costs for these plants in FY06 remained at $32 million, in spite of significant inflationary pressures.
- Lighting upgrades have been completed that will both improve working conditions and reduce electric power costs by over $100,000 per year as of FY01.
- In addition to these Water Department initiatives, the Citywide electric rate reduction negotiated by the Municipal Energy Office in 1996 with PECO Energy is saving the Water

Fund in excess of $1 million per year. Overall, through the successful implementation of multiple energy cost saving initiatives, the Water Department's electric costs have been reduced from $16.9 million in FY96 to $14.0 million in FY01, a reduction of over 17%. These costs remained at $14.8 million in FY06 in spite of inflationary increases in electric and gas rates since.

- Also in recent years, the Water Department has expanded its safety programs and worked with the Finance Department's Risk Management Division to reduce employee injuries and to help those employees who are injured to return to work more quickly. As a result of such efforts, the number of Water Department workdays lost because of injuries has declined steadily from a peak of 4,821 in FY93 to only 1,577 in FY06. In FY06, PWD's injury leave costs of $236,000 per year is significantly below the peak expenditures of $571,000 in FY93.

Appendix ll

Water Department and Water Revenue Bureau Assistance Programs			
Senior Citizen Discount	A 25 percent discount is provided for senior citizens 65 years of age or older, with a total household income <= $27,600/year.	Administered by the Water Revenue Bureau.	Provided discounts to 25,100 seniors in FY06, at a total cost of $2.9 million.
Charitable Organization Discount	A 25 percent discount is provided for charities, churches, nonprofit hospitals, schools, and universities**.**	Administered by the Water Department and Water Revenue Bureau.	In FY06, the general charitable discount was used by 3,200 organizations at a total cost of $8.2 million.
Water Revenue Assistance Program (WRAP)	Grants of up to $200 on water bills are available to prevent shutoff for low-income customers (at or below 175 percent of poverty level). Assists customers in obtaining federal energy assistance.	Administered by the Water Revenue Bureau.	In FY06, provided City grants to 5,640customers at a total cost of $920, 000
Utility Emergency Services Fund (UESF)	Grant program to prevent shutoff for low-income customers (at or below 150 percent of poverty level). Provides up to $500 every other year ($250 UESF grant plus $250 matching Water Department credit).	Administered by the nonprofit UESF; with application help available from the Water Revenue Bureau.	Served 860 customers in FY06, requiring Water Department matching credits and administrative costs of $593,000
Homeowners' Emergency Loan Program (HELP)	No-interest repair loan program for homeowners in imminent danger of shutoff because of a violation notice.	Administered by the Water Department.	Provided loans to 977 homeowners in FY06 at a total cost of $2.7 million.
Conservation Assistance Program (CAP)	Provides water conservation devices and education to low-income customers (at or below 150 percent of poverty level), yielding average water usage savings of more than 25 percent for participants.	Administered by the Energy Coordinating Agency and Neighborhood Energy Centers under a Water Department grant.	Served 1,636 households in FY06 at a total cost of $432, 964
Cross Connection Abatement Program	Repair program mandated by the State to correctly replace sanitary drainage lines that are connected to the storm sewer	Administered by the Water Department.	Served 69 properties in FY06 at a total cost of $355,169
TOTAL:	The total FY06 cost of Water Department and Water Revenue Bureau assistance programs was over $16 million.		