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Commissioner

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**Water Commissioner Endorses Decision of Independent Hearing Officer for Smaller Increase to Water/Sewer Rates**

**PHILADELPHIA** – Water Commissioner Howard Neukrug has set the new water, sewer and stormwater rates that will become effective on January 1, 2013. Rates will rise 17.5% over three years, which is significantly lower than the department's original rates request of 28.5% over four years. The Department's rates are still among the lowest in the region even after the rate increase.

The Commissioner's rate decision is based upon a settlement between the Philadelphia Water Department (PWD) and Community Legal Services (CLS) - the public advocate appointed to represent residential customers- together with other parties in the rate case. The settlement addresses the PWD's revenue requirements and allocation of costs among residential, commercial and industrial customers.

Michael Bowman, the Hearing Officer jointly appointed by the Mayor Michael A. Nutter, City Council President Darrell Clarke and City Controller Alan Butkovitz to oversee the rate case, issued a report to the Water Commissioner agreeing with the Settlement determination and the Water Commissioner endorsed the Hearing Officer's report and the spirit of cooperation embraced by all participating parties.

The additional monthly water and sewer charges and total monthly bill for an average residential customer under the settlement rates are set forth below.

Typical Residential Customer		
Monthly Billing		
Fiscal Year	Additional Monthly Water & Sewer Charge	Total Monthly Bill
2013	\$3.31	\$60.74
2014	\$3.50	\$64.24
2015	\$3.19	\$67.43

The Settlement is based on a three year rate period (Fiscal Years 2013-2015) versus the four year period originally proposed by PWD. The settlement reduces the revenue requirement from the original PWD proposal by \$33 million, from \$173 million in the first three year period to \$140 million. This change will reduce the average annual increases for a typical customer from 6.5% to 5.5% over the period 2013-2015.

“My responsibility as Commissioner is to ensure that adequate revenues are generated such that the Department can fulfill its mission of protecting the health and safety of more than 1.7 million citizens and customers by providing the highest quality drinking water and effectively managing wastewater and stormwater,” stated Water Commissioner Neukrug. “This Settlement is a reasonable and thoughtful compromise that provides rate relief to the residential and other customer classes, while remaining sufficient to support the operations of the Department.”

Water Commissioner Neukrug noted that the rate increase is due to a more aggressive focus on the renewal and replacement of PWD’s robust but aging infrastructure system, and the increasing costs to operate and maintain a water, wastewater and stormwater utility committed to providing top quality, essential services.

“In addition to new funding for infrastructure re-investment, the Settlement agreement also provides for more funding and streamlining of customer assistance programs and management reviews directed towards increasing collections from delinquent customers, reducing operational costs and improving customer service,” Commissioner Neukrug noted further. “It is critical that our water, sewer and stormwater systems continue to attract people and businesses to move in to and stay in this great city. This Settlement ensures that PWD’s rates remain among the lowest in the region and that the employees of the PWD continue as among the best in the country in professionalism, quality and service.”

The Hearing Officer is anticipated to release recommendations on stormwater fee related issues including credits and assistance programs that target non-residential customers who have implemented stormwater management projects on their properties or that have been adversely impacted by the parcel based stormwater fee.

### Background

In February 2012, PWD notified City Council of its intent to file proposed changes in rates to become effective in October 2012.

In March 2012, PWD filed with the Department of Records the regulations required to support the proposed increase and advertised these proposed changes and process for interested parties to participate.

In April 2012, Michael A. Bowman was appointed by the Mayor, City Council President and City Controller to preside over the rate hearings and report at the end of the process his recommendations regarding the proposed rate increases to the Water Commissioner. Community Legal Services was appointed as the Public Advocate for the hearing process.

For more information on the PWD rates process or PWD’s operating and capital needs, please go to: <http://www.phillywatersheds.org/rates>

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