

What is PWD Doing to Lower Costs?



In the 4 years since the last rate filing, PWD has undertaken several measures to reduce financial and operating expenses. PWD has:

- Refinanced over \$51.97 million of outstanding debt (Series 2011B Bonds), yielding net present value savings of \$2.26 million
- Refinanced over \$370 of outstanding debt (Series 2010A Bonds) yielding net savings of approximately \$27.1 million (in combination with the termination of the interest rate swap)
- Capitalized interest on the Series 2011A Bonds resulting in approximately \$13.1 million in reduced debt service payments
- Remarketed bonds in the aggregate amount of \$153.76 million to mitigate financial risk and effect savings associated with Series 1997B and 2005B bonds
- Improved its credit ratings and therefore lowered borrowing costs, by achieving current bond ratings assigned by Moody's, Standard & Poor's and Fitch ratings of "A1," "A" and "A+," respectively
- Utilized \$104 million in available Rate Stabilization Fund balances to reduce the need for and size of additional rate requirements
- Negotiated a Long Term Control Plan (Consent Order Agreement with PADEP), called Green City, Clean Waters which emphasizes use of green infrastructure (as opposed to more traditional and expensive Combined Sewer Overflow management tools such as tunnels) saving customers hundreds of millions over the next decade while maximizing environmental and community benefits
- Continued the work of the Revenue Protection Unit created in FY2000 to investigate and recover unpaid revenues, identifying additional billings of more than \$25.4 million to date
- Institutionalized significant operating savings achieved over the past decade at each of PWD's seven major operating facilities, valued at upwards of \$40 million a year

Additionally, PWD seeks to:

- Partner with other City agencies to achieve more efficient use and accountability of Water Fund expenditures for services provided to PWD.
- Continue to improve and expand the Capital Improvement Program planning process within PWD and with other collaborating agencies - to optimize use of project budgets and the useful life of assets
- Increase automation of metering and billing systems
- Achieve significant energy cost savings through energy production, energy conservation, resource recovery projects (co-generation, solar, BRC, off-peak operations and pumping, restructuring of operations, etc)
- Manage Combined Sewer Overflows and meet regulatory agreements within Philadelphia's affordability limits, making it's program significantly less costly than many other major cities'