

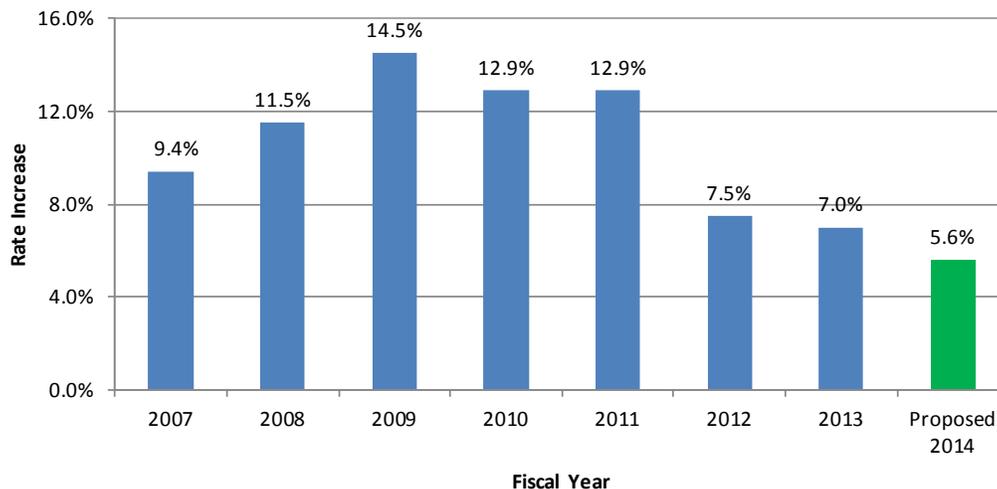
FOR IMMEDIATE RELEASE:
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No. 39

**DEPARTMENT OF ENVIRONMENTAL PROTECTION PRESENTS
FISCAL YEAR 2014 WATER RATE PROPOSAL**

5.6% Proposed Increase is the Lowest in Eight Years

New York City Department of Environmental Protection (DEP) Commissioner Carter Strickland today proposed a 5.6% increase in the Fiscal Year 2014 (FY14) water rate to the New York City Water Board. The 5.6% rate increase proposed for FY14 is the lowest increase in eight years and the fourth year in a row that the increase has come in significantly below the previous year’s projection.

“Today we are able to propose a rate lower than we anticipated thanks in large part to our continued commitment to be more efficient and cut costs without sacrificing the quality of the services we provide to New Yorkers,” said Commissioner Strickland. “Still, we recognize that any rate increase can be a burden on our customers, and we will continue to look for ways to further tighten our belts and work with our regulators to reduce the burden of unfunded mandates so that New Yorkers get the best possible water and wastewater services at the most affordable rates.”



WHAT THE PROPOSED RATE WOULD MEAN FOR AN AVERAGE CUSTOMER

If the 5.6% water rate increase is adopted by the Board:

- A typical single-family homeowner will see an increase from \$939/year to \$991/year for water and sewer bills – slightly more than \$4/month (based on an average consumption of 80,000 gallons of water per year).

- A typical multi-family unit with metered billing will see an increase from \$610/year/unit to \$644/year/unit – less than \$3/month (based on an average consumption of 52,000 gallons of water per year).

RATES ARE LOWER THAN PREVIOUSLY PROJECTED PRIMARILY BECAUSE:

DEP's has taken aggressive operational cost saving measures.

- For FY 2014 alone, DEP is cutting its operating budget by 4% to save \$37 million, including *OpX* (or Operational Excellence) program initiatives.
- 15 *OpX* initiatives implemented through March 2013 are projected to save \$15.7 million per year.
- DEP anticipates *OpX* initiatives implemented by the end of FY 2013 will produce recurring annual savings of \$26.4 million.
- The City will continue a pilot program to cap the Water Board's payment for rental of the water supply and wastewater systems, resulting in a \$12 million refund to the Water Board in FY 2013.

Revenue projections are higher than planned due to the near completion of DEP's meter replacement and automated meter reading (AMR) device initiatives.

- There are fewer estimated bills and billing disputes because DEP has installed 820,000 wireless meter reading devices (96% of target); substantial completion of AMR installations has resulted in improved revenue collection, a 62% reduction in estimated bills since 2011, and a 16% reduction in billing disputes since 2008.
- Collections are strong; at the end of March, revenues were \$67 million or 2.7% ahead of projections.
- DEP has enrolled 171,000 customers in the Leak Notification Program; \$31 million in leak-related charges have been avoided by more than 37,000 customers.

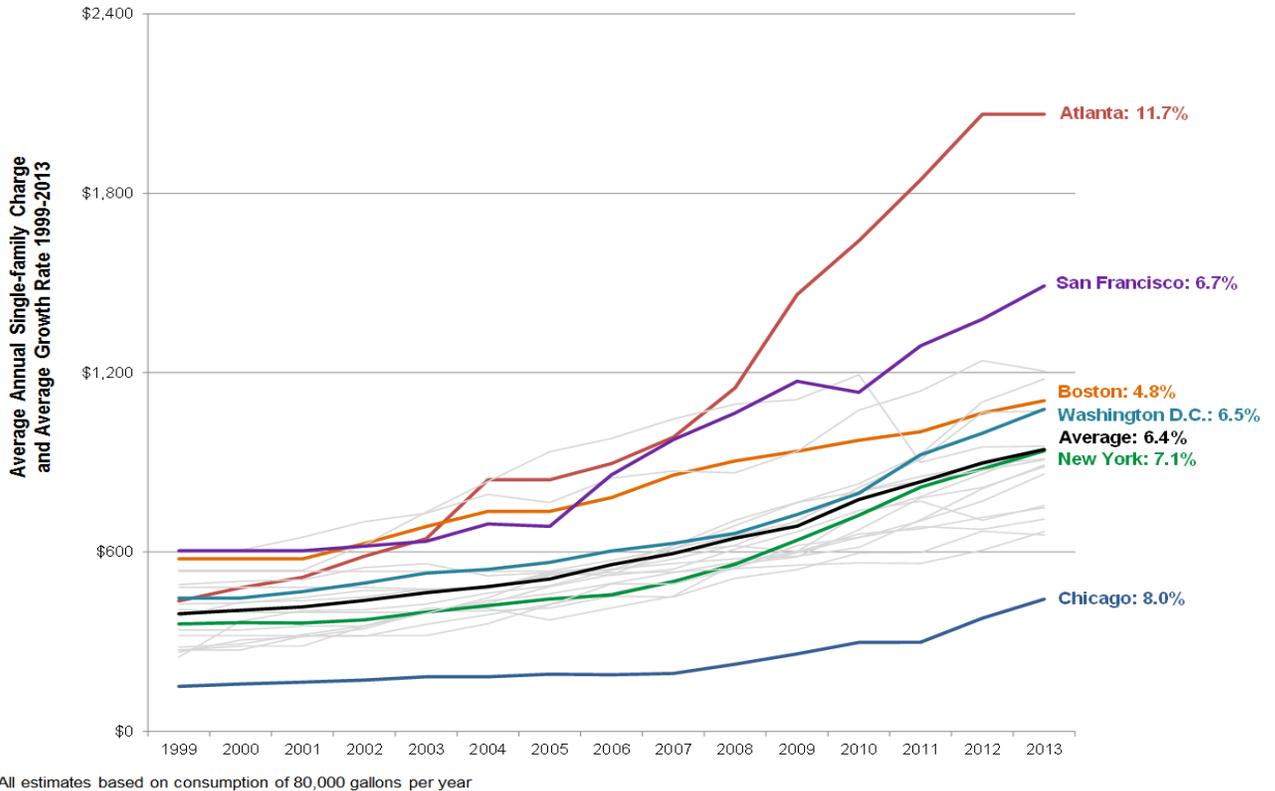
Regulatory and policy advances have enabled DEP better control its capital budget.

- From 2002 through 2012, 65% of DEP's capital spending was for mandates. That means that unfunded federal mandates like the \$3.2 billion Croton Water Filtration Plant and \$1.6 billion Ultraviolet Disinfection Facility cost the average homeowner \$258 this year on their water bill.
- In many cases, these were necessary investments for the long-term protection of the City's water supply. However, being required to build them all at once during a heated private market drove up capital program costs.
- DEP has been successfully working with regulators to reduce future mandates, and in the next 10-year Capital Improvement Plan, the percentage of mandated projects will fall to 18%.
- Last year DEP eliminated or deferred a \$3.4 billion dollar mandate for handling combined sewer overflows by replacing costly gray infrastructure projects with green infrastructure projects in an amended consent order with NYS Department of Environmental Conservation
- DEP also deferred \$1.6 billion for construction of a Hillview Reservoir cover; and is evaluating the alternative of incremental monitoring.

DEP has achieved substantial debt service savings in the low interest rate environment.

- Actual debt service payments were \$147 million lower than projected in FY 2013 due to continued low interest rates.
- With lower interest rates available, since 2009 the Water Finance Authority has refinanced over \$5.3 billion of higher-cost debt, achieving over \$700 million of debt service savings.

NYC WATER RATES ARE AVERAGE COMPARED TO OTHER BIG U.S. CITIES



The Water Board is responsible for establishing the rate following the proposal and subsequent public hearings. The New York City Water Board has scheduled five public hearings for the upcoming FY14 water rate proposal:

Staten Island

Monday, April 29 at 7:30 p.m.
Joan and Alan Bernikow Jewish Community Center
1466 Manor Road

Brooklyn

Tuesday, April 30 at 7:00 p.m.
IS 228 David A. Boody
228 Avenue S

Bronx

Wednesday, May 1 at 7:00 p.m.
Hostos Community College
Savoy Building – 2nd Floor
120 East 149th Street

Queens

Thursday, May 2 at 7:00 p.m.
LaGuardia Community College
45-50 Van Dam Street – Room E-242
Long Island City

Manhattan

Friday, May 3 at 1:30 p.m.
City Planning Department
22 Reade Street – Spector Hall

Information on the hearings can also be found by visiting www.nyc.gov/nycwaterboard. Following the five public hearings, the Water Board will formally adopt a FY 2014 water rate on May 10, 2013, and the new rate will become effective on July 1, 2013.

DEP manages New York City's water supply, providing more than one billion gallons of water each day to more than nine million residents, including eight million in New York City. The water is delivered from a watershed that extends more than 125 miles from the city, comprising 19 reservoirs and three controlled lakes. Approximately 7,000 miles of water mains, tunnels and aqueducts bring water to homes and businesses throughout the five boroughs, and 7,500 miles of sewer lines and 96 pump stations take wastewater to 14 in-city treatment plants. DEP has nearly 6,000 employees, including almost 1,000 in the upstate watershed. In addition, DEP has a robust capital program, with a planned \$14 billion in investments over the next 10 years that will create up to 3,000 construction-related jobs per year. This capital program is responsible for critical projects like City Water Tunnel No. 3; the Staten Island Bluebelt program, an ecologically sound and cost-effective stormwater management system; the city's Watershed Protection Program, which protects sensitive lands upstate near the city's reservoirs in order to maintain their high water quality; and the installation of more than 820,000 Automated Meter Reading devices, which will allow customers to track their daily water use, more easily manage their accounts and be alerted to potential leaks on their properties. For more information, visit nyc.gov/dep, like us on Facebook at facebook.com/nycwater, or follow us on Twitter at twitter.com/nycwater.

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