



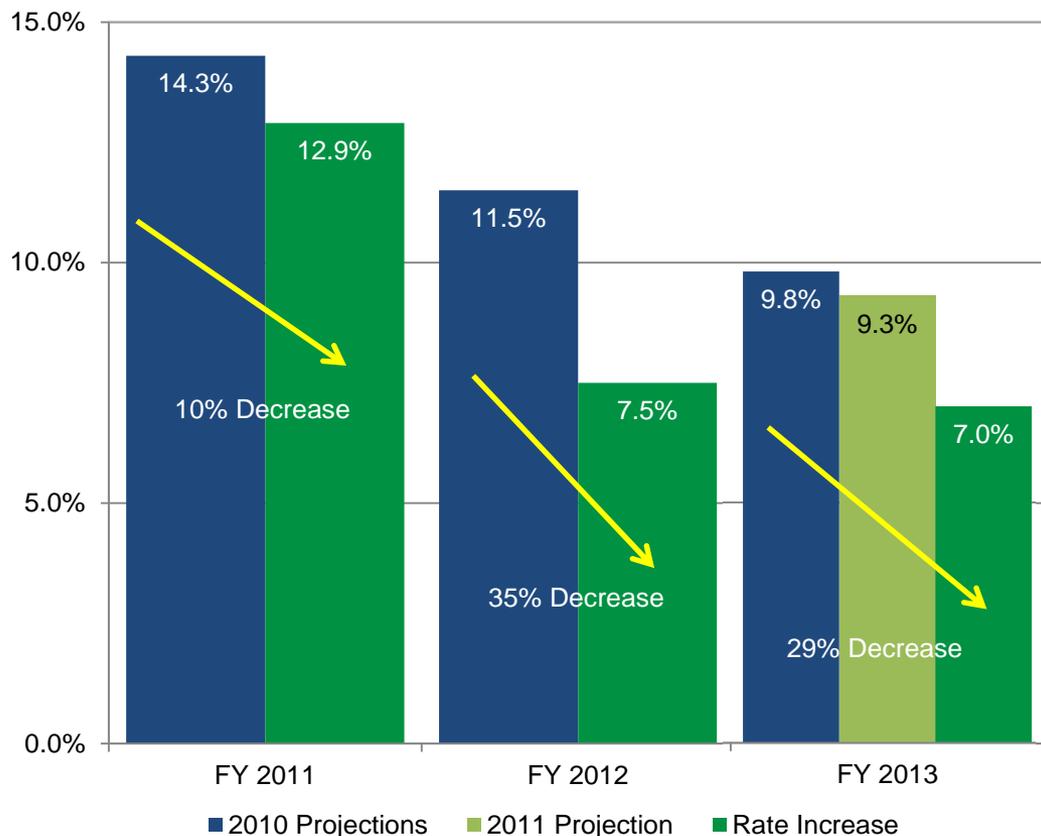
Environmental
Protection

Rate Proposal Hearings

New York City, NY

April 23-27, 2012

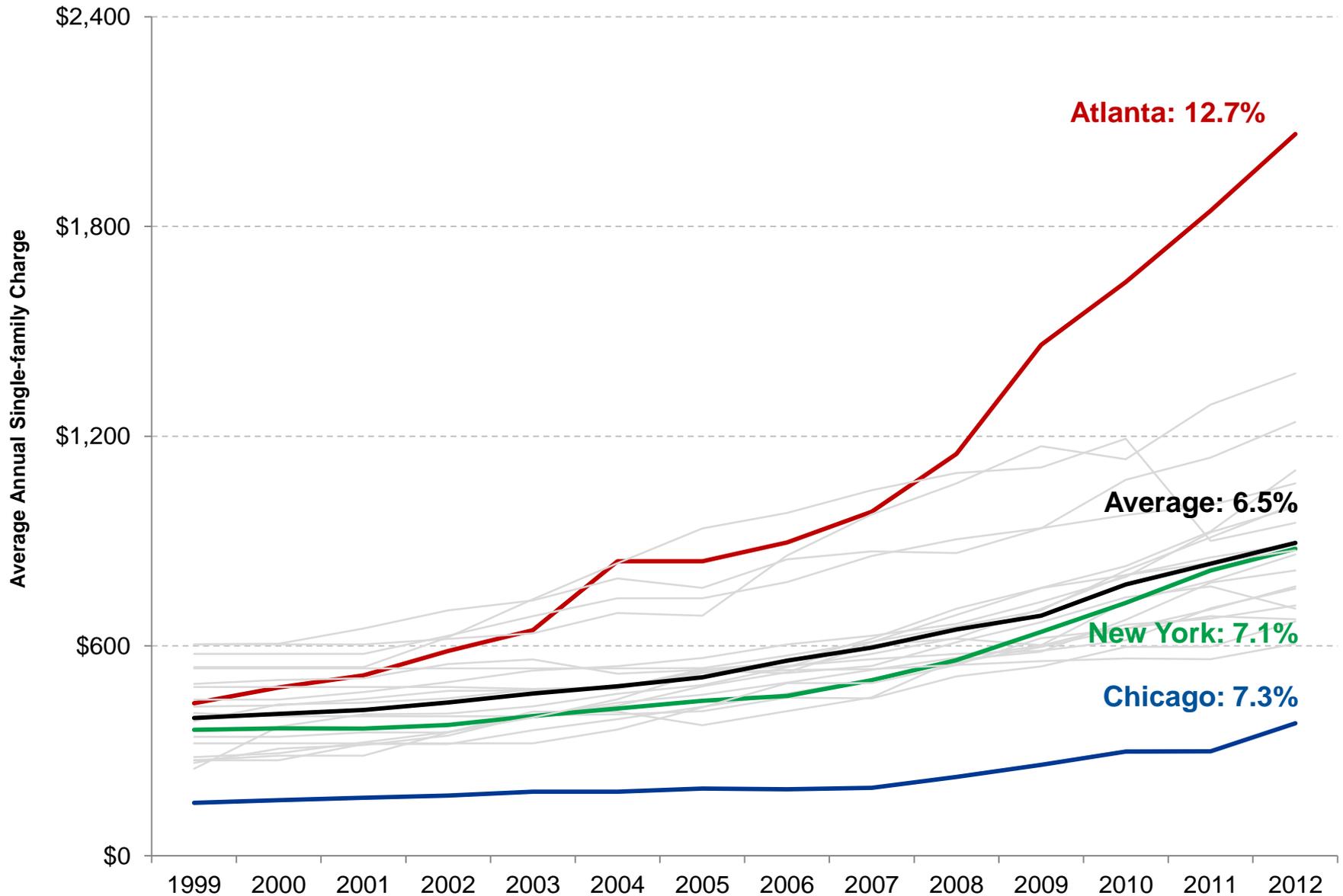
FY 2013 Rate Proposal Summary



- Proposing **7%** rate increase
- Lowest rate increase in 7 years
- 29% lower than 2010 projection of Fiscal Year 2013 rate increase

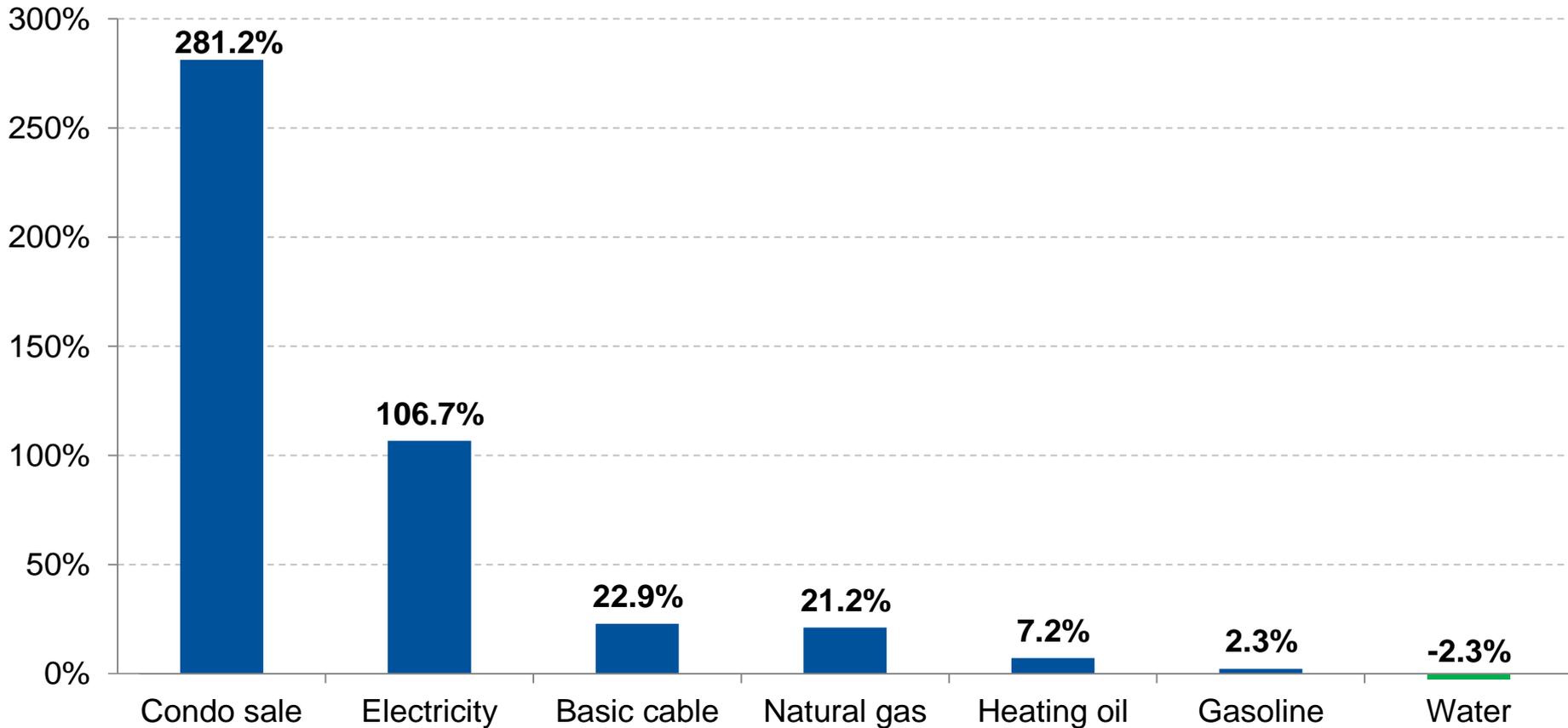
	FY 2012	FY 2013 (7% Increase)
Combined Water & Sewer Rate (per hundred cubic feet)	\$8.21	\$8.78 (\$0.57)
Average Annual Single Family Charge (80,000 gal)	\$877	\$939 (\$62)
Average Annual Multi-family Charge (52,000 gal)	\$571	\$610 (\$39)

Rate Trends in Major Cities



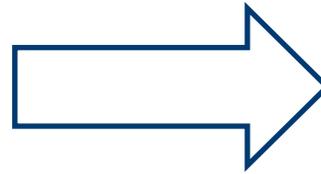
All estimates based on consumption of 80,000 gallons per year

% Difference in Consumer Costs, NYC vs. US



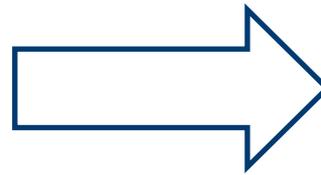
Changes in Rate Structure FY 2013

Service Line
Protection Program



Protect customers from the cost of a water or sewer line break (average cost is \$3,750)

Rental Payment
capped at Fiscal Year
2011 amount through
2015



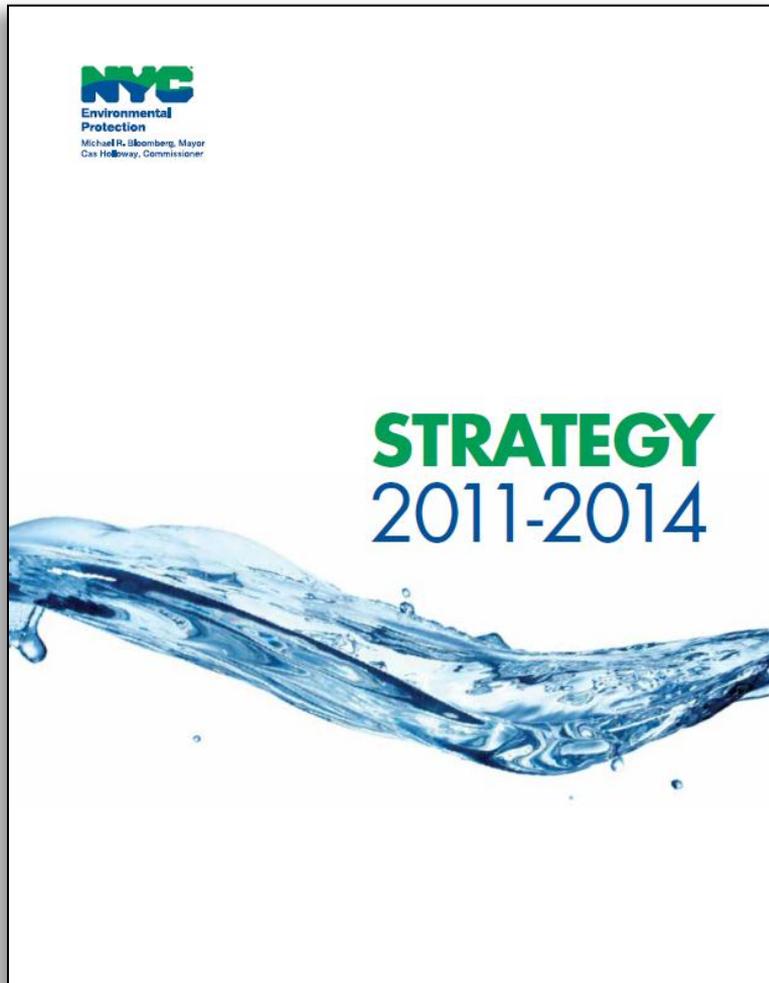
Projected savings of \$98 million over the next three years to reinvest in the system and keep our infrastructure in a state of good repair

Expiration of
frontage-based
charges for Tax Class
2 multi-family
properties



Water bill will be calculated on actual usage or modified Multi-Family Conservation Program per unit charge of \$894.14

DEP must supply, deliver, and treat the water nine million New Yorkers need every day; protect and improve the waters that surround us, the air we breathe, and New Yorkers' overall quality of life.



100 strategies and initiatives to achieve this mission in four core areas:

- Serving 9 million customers
- Operating the safest, highest-performing water utility at the lowest possible cost
- Building capital projects on time and on budget
- Delivering clean waters, clean air and a sustainable quality of life for all New Yorkers

Of the plan's 100 initiatives, **63 have been fully or partially achieved** in the first year and 36 are on track to be completed within the original timeframe*

Customer Service:

- Automated Meter Reading Network: installed more than 800,000 AMR devices
- MY DEP Account
- Leak Notification Program launched to alert customers to deviations from normal consumption rates
 - 135,000 customers enrolled: *My DEP Account* holders of small properties were automatically enrolled; large buildings were added in February 2012
 - Approximately \$10M in leak-related charges have been avoided by more than 12,000 customers as a result of early leak detection
- Service Line Protection Plan

* One initiative (#33: Pressurize the Catskill Aqueduct) was deferred to redirect capital resources to *Water for the Future*

Automatic Meter Readers: Key Points

- **In use citywide:** To date, 96% of our 836,000 customers have wireless meter readers installed
- **More accurate:** Estimated bills are down 64% year-to-date compared to 2010
- **Fewer disputes:** Automatic meter readers resulted in the lowest amount of billing disputes in five years; down more than 17% since 2008
- **Save customers money:** The AMR network has saved customers \$10 million in costly leaks
- **Better information:** AMR devices allow customers to review usage four times per day online



AMR Makes Water Bills Easier to Understand



Home | My Profile | Enroll for Services | DEP Website | Log off

[See My Water Use](#) | [See My Bill](#) | [Make a Payment](#) | [See My Payments](#) | [Reads History](#) | [Help](#)

WATER CUSTOMER

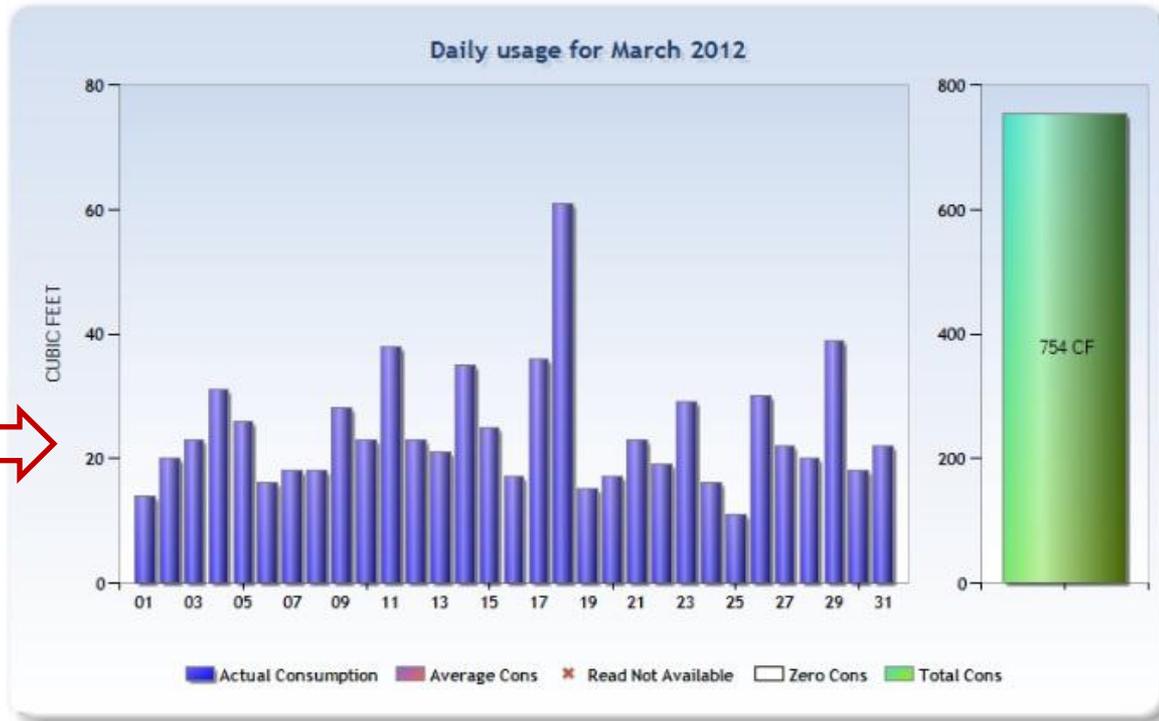
Service Address:
133 43 SAVEWATER ST
JAMAICA, NY 11422-0000

Account #:
Borough: Queens Block: 0 Lot: 00
Building Class: B3

Account Balance: \$175.16
AMR Installed On: 10/24/2010

Account Information

Meter: E20415570 | CCF | Graph: Daily Usage for Month | Month: March | 2012 | View



Easy to read consumption history updated four times per day

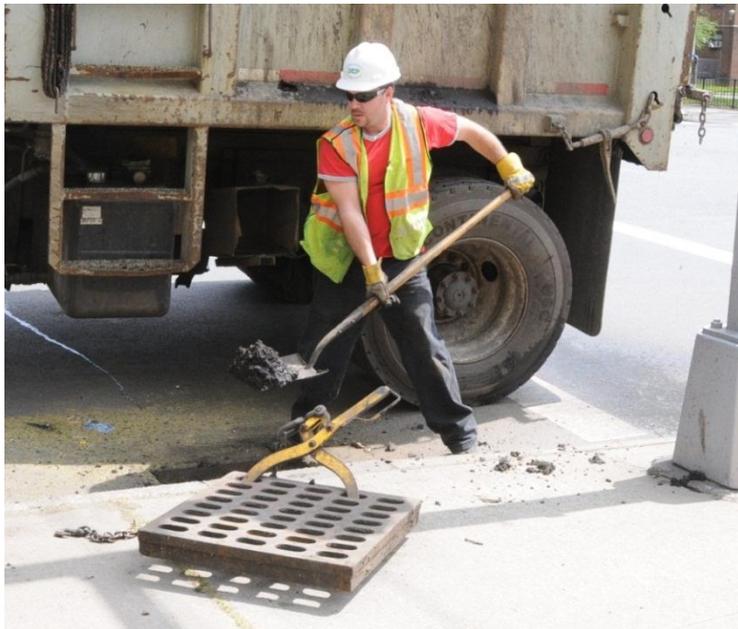
Operations and Capital:

- Constructed bioswales on Atlantic Avenue and Dean Street
- Expanded preventative maintenance program to minimize the potential for water main breaks
- Certified that Newtown Creek Wastewater Treatment Plant meets secondary treatment standards two years ahead of schedule
- Completed the Alley Creek and Paerdegat CSO Detention Facilities
- Proactive sewer cleaning and degreasing



Investment in our operations and maintenance have improved service citywide. Compared to this time last year:

- Water main breaks are down 30%
- Sewer backup complaints are down 6%
- Hydrant repair time is 31% faster
- Catch basin backlog is down 50%
- Dry weather sewer backup complaints are down 20% citywide



Worker Safety:

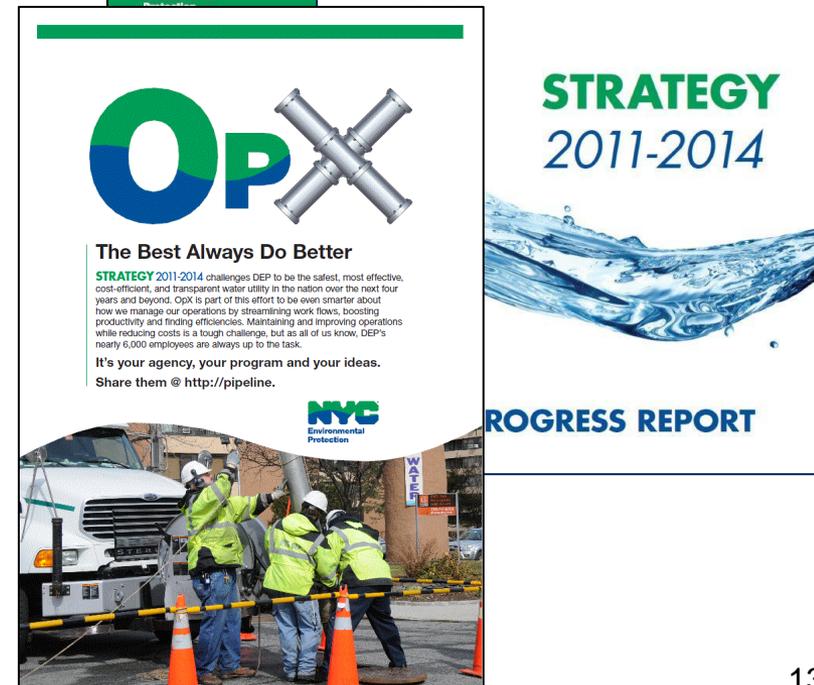
- Reduced total recordable workplace injuries and illnesses by 42%

Sustainability:

- The *NYC Green Infrastructure Plan* was incorporated into a consent order with the New York State Department of Environmental Conservation on March 13, 2012
- Established the Office of Green Infrastructure and awarded \$8.4M in green infrastructure grants with an additional \$4.25M in matching funds
- Encouraged ecological restoration of oysters and mussels in Jamaica Bay
- Energy efficiency projects at in-city wastewater treatment plants

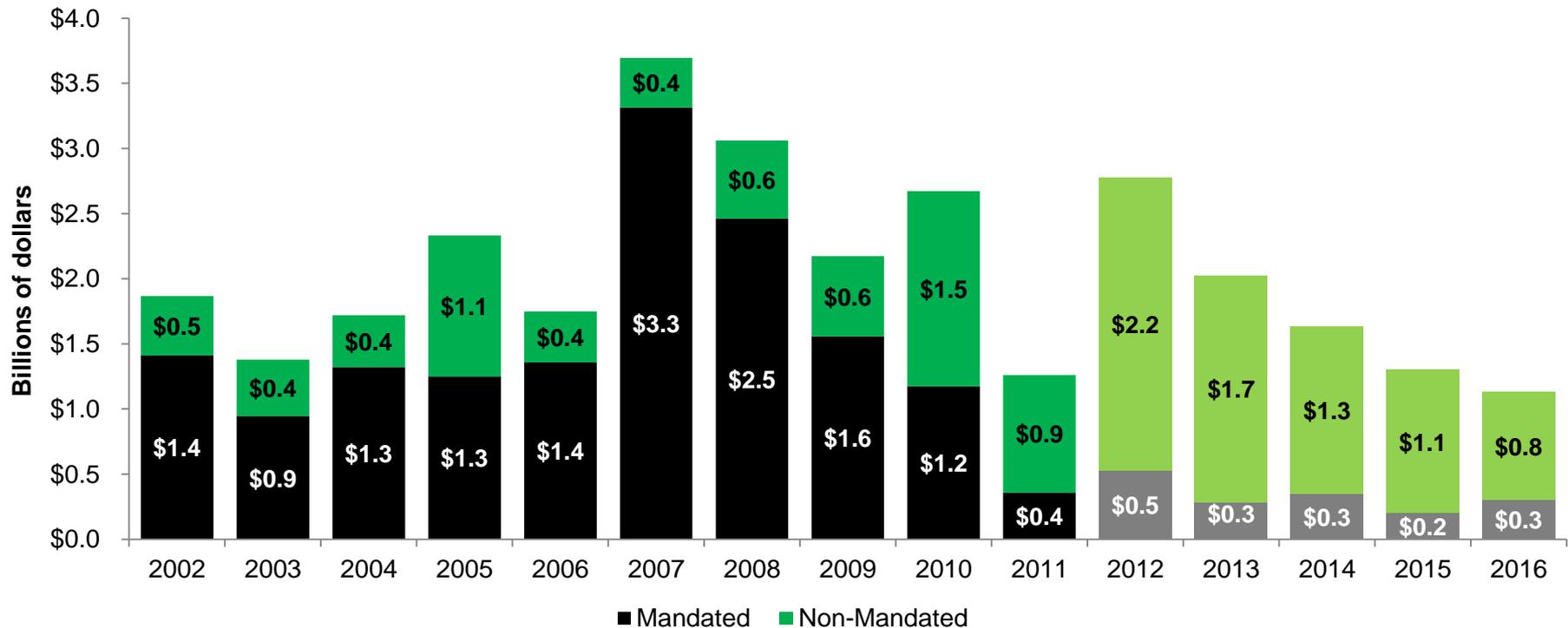


- Addressed billions of dollars in unfunded Federal mandates, including:
 - Eliminated and deferred \$3.4B for handling combined sewer overflows by replacing costly gray infrastructure projects with environmentally-sound green projects
 - Deferred \$1.6B construction of Hillview Reservoir cover to 2023
- Settled long-standing labor issues through productivity gains
- Reducing operating costs and transforming our management of the complex water and sewer system through *OpX*; initiatives already implemented will result in \$5M of savings in FY 2013, with more to come



Mandate Reform

- \$15B (69%) of capital commitments for FY 2002 to 2011 were driven by mandates
- DEP has been successful working with regulators to reduce future mandates



Legal Mandates Cost Homeowner \$253 This Year



Croton Filtration Plant



Newtown Creek Wastewater
Treatment Plant



Catskill/Delaware UV Disinfection Facility

Mandate	Capital Cost (\$B)	Annual Debt Service Impact (\$M/year)	Annual Household Cost (\$/year)
Croton Filtration Plant	\$3.2	\$160	\$48
Ultraviolet Disinfection Plant	\$1.6	\$80	\$24
Newtown Creek Treatment Plant	\$5.0	\$250	\$75
All Other	\$7.1	\$355	\$106
Total	\$16.9	\$845	\$253

- Keep our infrastructure in a state of good repair (\$2.36B)
- Build new and upgrade existing water mains and sewers (\$962M)
- Complete connections to City Water Tunnel No. 3 (\$898M)
- Initiate Green Infrastructure related projects (\$187M)
- Complete repairs to the Manhattan Pump Station (\$227M)
- Continue planning for Delaware Aqueduct repair – *Water for the Future* (\$2.1B*)



Staten Island Bluebelt



Connections to Water Tunnel No. 3



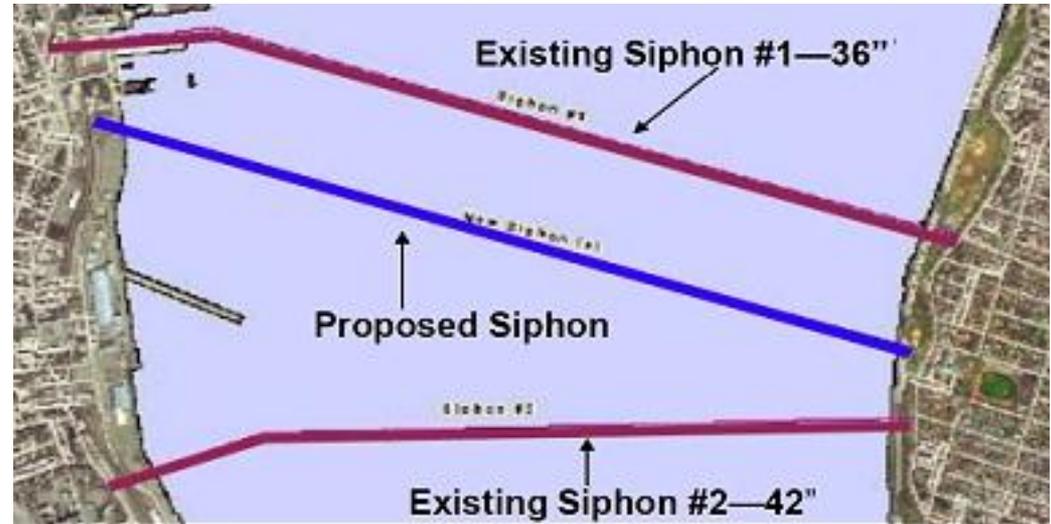
Shaft Connections for Delaware Tunnel Repair –
Water for the Future

Staten Island Siphon Project

Cost: \$250 million

Scheduled Completion: 2014

Purpose: To ensure a redundant and reliable supply of water to Staten Island



Construct Sewers and Bluebelt in the South Shore

Cost: \$23 million

Scheduled Completion: 2014

Purpose: Sewer and construct more Bluebelts in the South Shore of Staten Island

Gowanus Facilities Upgrade

Cost: \$140 million

Scheduled Completion: 2013

Purpose: Upgrade pump station and flushing tunnel to improve water circulation and dissolved oxygen concentration



High Level Storm Sewers in Gowanus Canal & East Flatbush

Cost: \$10 million & \$50 million

Scheduled Construction: 2013 & 2015

Purpose: Separate stormwater and sanitary waste



Green Infrastructure - Edenwald Houses

Cost: ~\$15 million

Scheduled Construction: 2014

Purpose: Upgrade existing city housing with bioswales, green roofs, permeable pavement, and other green infrastructure



Pelham Bay Parkway Sewer and Water Main Upgrades

Cost: \$36 million

Scheduled Completion: December 2012

Purpose: Repair and replace sewer and water mains

Queens Bluebelt at Oakland Lake

Cost: \$29 million

Scheduled Completion: 2012

Purpose: Cost-effective green infrastructure manages stormwater and provides open spaces and wildlife habitats



Investments in Sewer Systems

Cost: \$179 million

Scheduled Construction: 2012 to 2016

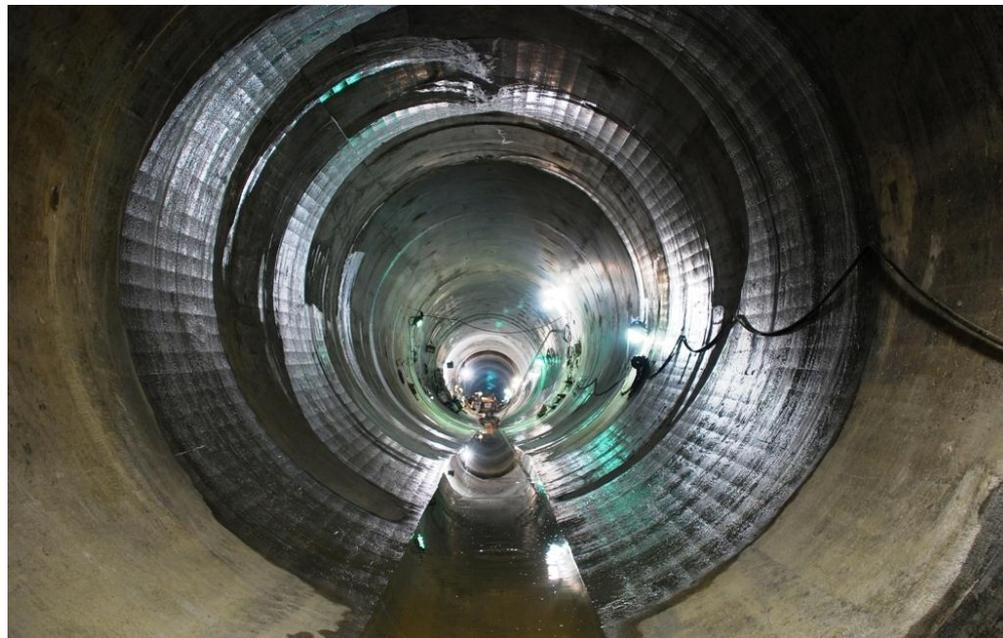
Purpose: Build new and improve existing sewers throughout Queens

Shaft Connections to City Water Tunnel No. 3

Cost: \$269 million

Scheduled Completion: 2013

Purpose: Complete ten shaft connections to City Water Tunnel No. 3; critical to activation



Manhattan Pump Station

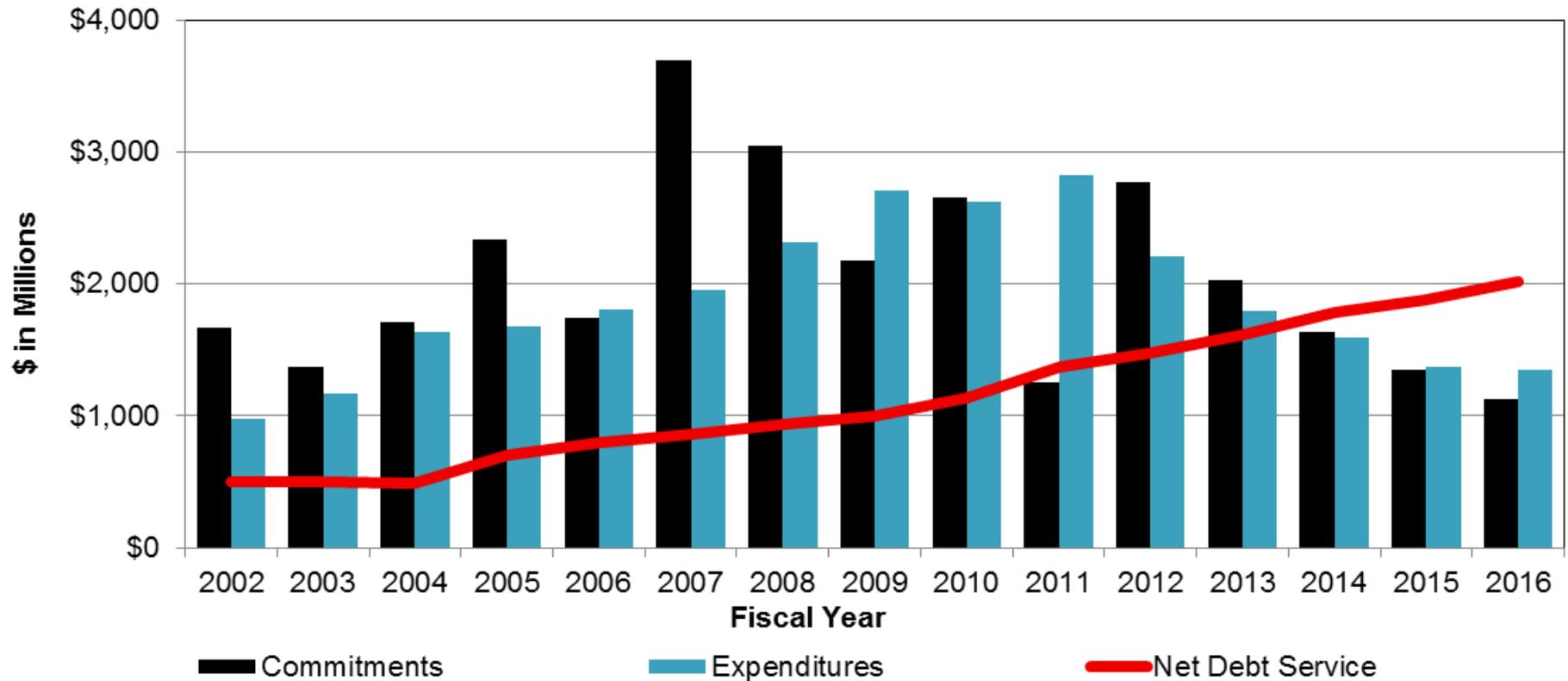
Cost: \$243 million

Scheduled Completion: 2012

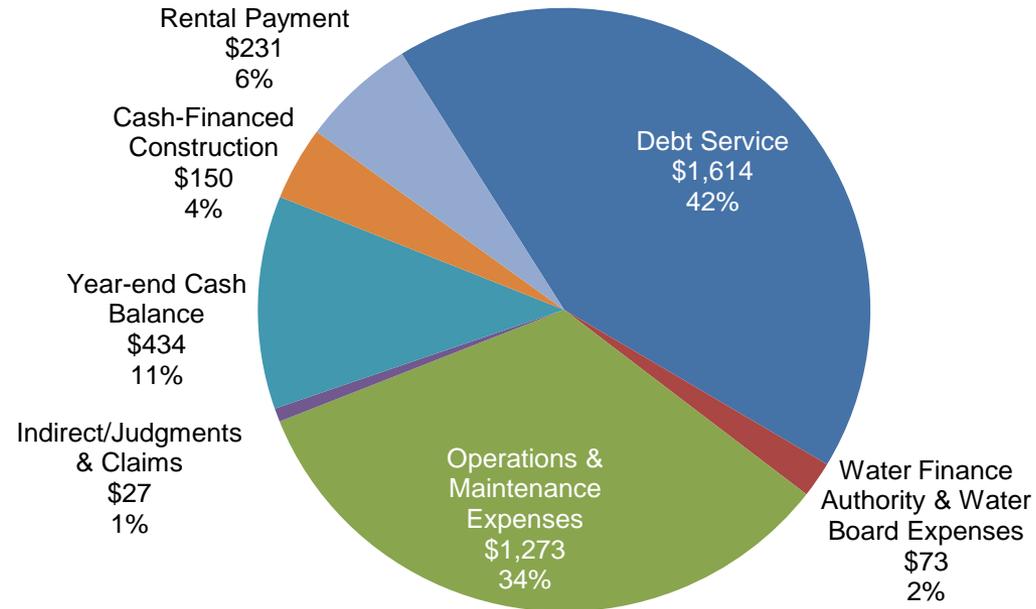
Purpose: Provide the Newtown Creek wastewater treatment plant with more than half of its flow, 155 million gallons per day for treatment

Debt Service

- Annual net debt service increased by 176% between FY 2002 and FY 2011 and is projected to increase by \$107M or 8% in 2012
- In future years, even though annual commitments and expenditures decrease, annual net debt service continues to rise



Financial Outlook for FY 2013



Total: \$3,802M

Financial Outlook through 2013 (\$M)	FY 2012 Forecast	FY 2013	Change	%
Consumption (MG)	371,378	365,807	(5,571)	-2%
FY Revenue*	\$3,266	\$3,350	\$84	3%
Operations & Maintenance**	\$1,307	\$1,373	\$67	5%
Debt Service***	\$1,476	\$1,614	\$138	9%
Rental Payment	\$210	\$231	\$21	10%

* FY Revenue is current year revenue only and does not include revenue carried forward from prior year

** Operations & Maintenance is the sum of the chart's "Operations & Maintenance Expenses", "Water Finance Authority & Water Board Expenses" and "Indirect/Judgments & Claims"

*** Debt Service does not include \$235M used for the cash retirement of bonds in FY 2012

Proposed Rate Increase

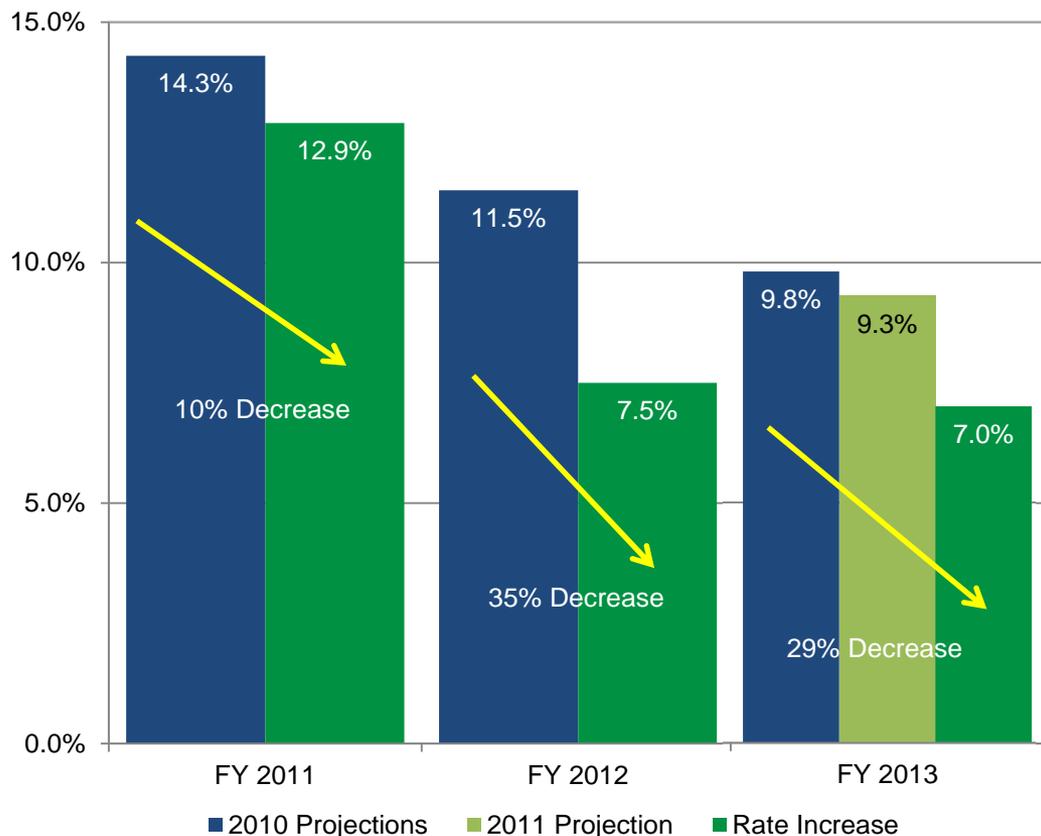
Rate Model - Cost/(Revenue) (\$M)	FY 2012 Forecast	FY 2013
Debt Service	\$1,476	\$1,614
Cash-financed Debt Retirement or Capital Construction	\$235	\$150
Operations & Maintenance	\$1,307	\$1,373
Rental Payment	\$210	\$231
Total System Costs	\$3,227	\$3,368
Cash on Hand	\$452	\$434
Revenue Requirement	\$3,679	\$3,802

Prior-year Carryforward Revenue*	(\$413)	(\$452)
Upstate & Other Non-City Revenue	(\$199)	(\$208)
In-City Revenue Need	\$3,067	\$3,142

Prior-year in-City Revenue		\$3,067
Consumption Decrease & Frontage Conversion		(\$130)
Net Revenue at Prior Year's Rate		(\$2,937)
Additional Revenue Required		\$205
Rate Increase Required		7%

* Includes carryforward of \$36.3M as offset to Operations & Maintenance in FY 2012 Forecast

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Questions?

For more information visit www.nyc.gov/dep

Follow us on facebook at www.facebook.com/nycwater
And on Twitter at [@NYCwater](https://twitter.com/NYCwater)

Please submit any testimony not given at tonight's hearing for the Board's consideration to Diane Easparro by April 27th at 5:00 pm:

Diane Easparro
New York City Water Board
59-17 Junction Boulevard, 8th Floor
Flushing, NY 11373
Email: deasparro@dep.nyc.gov