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**Statement of Environmental Protection Commissioner Carter Strickland On
Water Board Vote to Adopt Fiscal Year 2013 Water Rate**

“One of New York City’s most precious resources is its world-class supply of drinking water. As one of only five large cities in the nation permitted to have an unfiltered water supply, the one billion gallons of NYC Water DEP provides every day is some of the best water in the world. New Yorkers deserve to know that our investments to protect and provide NYC Water to more than nine million New Yorkers are as cost-effective as possible. The 7.0% 2013 Fiscal Year (FY13) rate increase is the lowest increase in seven years and is 25% lower than the increase projected at this time last year. The lower than expected rate increase demonstrates our commitment to keeping rates low while delivering the renowned service that residents deserve. We are able to keep rates below the national average while running a system that includes 19 reservoirs, 295 miles of tunnels and aqueducts, 14,000 miles of water and sewer mains, and 22 wastewater treatment plants. Though rate increases are difficult during tough economic times, we are moving in the right direction and maintaining the highest standard of quality New Yorkers have come to expect.

“Over the past three years, DEP has conducted three successive rounds of budget-tightening measures that have cut our operating costs by more than 15%. That has helped keep costs down while allowing us to fund new needs, such as staffing for multi-billion dollar facilities like the Croton Water Filtration Plant and the Ultraviolet Disinfection Facility. In November, we launched *Operational Excellence—The Best Always Do Better* to target an additional \$100 million in annual recurring cost reductions while also realizing efficiencies throughout our water supply, wastewater, and capital operations. This program has put us well on the way toward our stated goal of becoming the safest, most cost-effective, and transparent water utility in the nation. *Operational Excellence – The Best Always Do Better* has already achieved nearly \$5 million in projected savings for FY13.

“In the past year, we have also successfully convinced our regulators to defer or eliminate more than \$5 billion in unfunded mandates. Thanks to a groundbreaking agreement reached with the New York State Department of Environmental Conservation in March, the city has deferred \$2 billion in costly capital investments while achieving equivalent water quality benefits through the *NYC Green Infrastructure Plan*. We will continue to aggressively advocate for this kind of regulatory reform on behalf of nine million New Yorkers, especially when costly mandates do not achieve significant health benefits for the public. Additionally, for the first time ever, the city has agreed to institute a pilot program to cap the rental payment beginning in FY13. Over the next three years, this will produce \$98 million in savings to help offset future rate increases.

“It’s clear the steps we have taken are paying off. The 7.0% rate increase proposed for FY13 is a 25% reduction from the 9.3% rate increase projected at this time last year, the lowest such increase in seven years, and the third year in a row that the increase has come in

significantly below the previous year's projection. Additionally, customers saved over \$10 million in the last year by using a new Leak Notification Program, and this year we will offer a Service Line Protection Plan that will insure against the burden of unanticipated water service line and sewer line repair costs.

“Through prudent cost-cutting, improved transparency and efficiency, and aggressive advocacy for regulatory reform, we are doing everything we can to keep water bills low for the 836,000 customers we serve. New Yorkers can be assured that DEP is doing everything we can to keep water bills low—while continuing to maintain a water system that meets the high standards they expect and deserve.”

Background

DEP is responsible for proposing a water rate that meets the financial obligations necessary to provide water and wastewater services to 8.4 million New York City residents, and the Water Board is responsible for establishing the rate following the proposal and subsequent public hearings. The new rate will become effective on July 1, 2012. The Fiscal Year 2013 water rate adopted today by the Water Board includes the following components:

- A 7.0% increase to the water rate.
- A pilot program to cap the rental payment at the FY11 annual rate of \$196 million, adjusted yearly for inflation, for the next three fiscal years.

DEP manages the 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 7,400 miles of sewer lines and 95 pump stations take wastewater to 14 in-city treatment plants. DEP employs nearly 6,000 employees, including almost 1,000 in the upstate watershed. DEP has a robust capital program, with a planned \$13.2 billion in investments over the next 10 years that creates up to 3,000 construction-related jobs per year. For more information, visit www.nyc.gov/dep, like us on Facebook at www.facebook.com/nycwater, or follow us on Twitter at www.twitter.com/nycwater.