



Lehigh County Authority

P.O. Box 3348, 1053 Spruce Street
Allentown, PA 18106-0348

Customer Service - Allentown Division: 610-437-7515

Customer Service - Suburban Division: 610-398-1444

FALL 2014

Dear Customer,

The past two years have been quite an interesting time for Lehigh County Authority (LCA) as we have undertaken a major transformation of our operation to include water and sewer services in the City of Allentown.

Whether you are a new LCA customer living in Allentown or a long-time LCA customer in the suburban or rural regions of Lehigh or Northampton County, our desire is to provide the highest level of service possible to you.

To help improve communications with you, we have enclosed this fall newsletter with more detailed information on hot topics such as:

- LCA's lease of the Allentown water and sewer systems, and LCA's evolution to meet the changing needs of our community
- HOT TOPIC: Review of the region's ongoing work to reduce sewer system overflows. Upcoming meeting scheduled for November 13th!
- Review of customers' responsibilities and LCA's commitments to providing great service to you.
- The importance of customer feedback.

In addition, we encourage you to come to any of our Board of Directors meetings, which are typically held at noon on the second and fourth Mondays of the month at our operations center in Wescosville. Meeting schedules, agendas and minutes are posted on our web site at www.lehighcountyauthority.org.

As you review the information included in this newsletter, please feel free to contact us with any questions or concerns you may have about LCA services and projects!

Sincerely,

Aurel M. Arndt

Chief Executive Officer



What to know more?

If you're interested in learning more about any of the topics covered in this newsletter, or any other information about LCA, please visit us online at www.lehighcountyauthority.org! Here are a few things you can find there:

- Pay your bill online
- Sign up for our AutoPay program
- Board meeting schedule, agendas and meeting minutes
- Rate schedules
- Financial statements
- Latest LCA news & our popular WaterWorks blog

Interested in learning more about what we're doing to eliminate sewer system overflows? See inside for more info, and an important meeting announcement!

www.lehighcountyauthority.org

Allentown Lease and Impacts on LCA

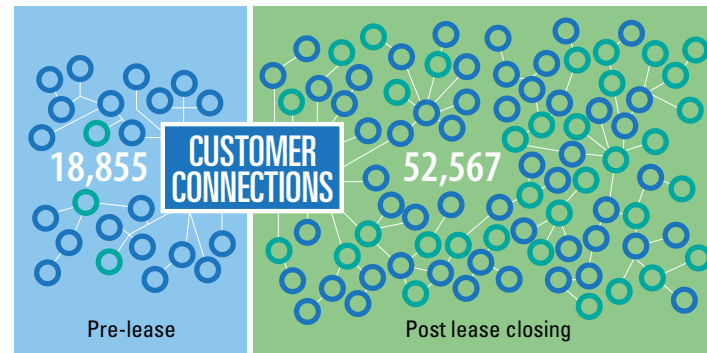
In July 2012, the City of Allentown announced that their water and sewer systems would be put up for bid for a 50-year lease, in exchange for a large upfront payment to help the city address financial concerns related to rising pension costs.

LCA needed to act quickly and thoughtfully. We prepared a comprehensive statement of qualifications and also conducted research to determine what other organizations may be actively engaged in the bid to lease Allentown's water and sewer systems. Through this process, LCA learned that several very large private utilities had entered into the contest, and LCA stood alone as the only local, non-profit player.

Considering the water and wastewater system interconnections between LCA and Allentown, and our shared water supply, the entry of private firms into the bid process was a game-changer for LCA. It was clear motivation for this organization to use the lessons learned in the municipal bond market over the last 45 years to make a strong and convincing bid to the city to make this deal work.

Throughout the process, we strongly believed LCA was the best choice for Allentown for a few key reasons. First and foremost, LCA's non-profit, tax-exempt status and municipal authority structure would provide an avenue to obtain the lowest cost of financing, resulting in the lowest cost to the customer. Customers over the next 50 years of the lease would benefit from rates that are based on the true cost of service with no stakeholder profit included in the rate structure.

LCA will continue to seek ways to improve services, increase efficiencies and plan carefully for the future needs of all customers.



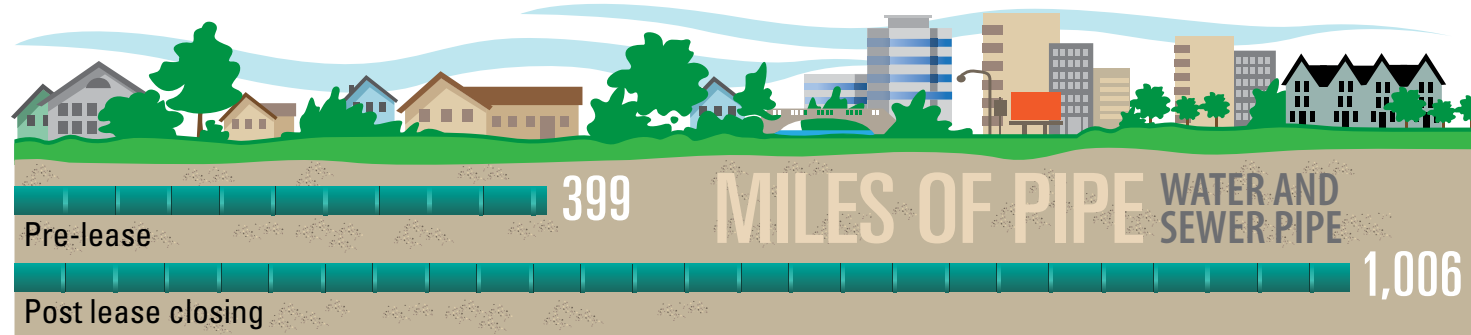
In addition, LCA's and Allentown's water and sewer systems were already fully interconnected and shared the same water sources and treatment facilities to provide services to our respective communities. We felt it would be an important improvement to have these facilities operated by a single entity (LCA) that could enhance quality and improve efficiency, thereby reducing costs to the customers.

By now, most customers are aware that LCA was the successful bidder and took on more than \$300 Million in debt in order to complete the deal. We completed the transition in August 2013, and have been operating the Allentown systems for over a year.

Was it a good deal for all LCA customers? While taking on this large debt load is a major undertaking to say the least, LCA's financial future looks strong. We have been evolving as an organization to meet the increased service requirements brought on by the lease, but have already found significant efficiencies along the way. We will continue to seek ways to improve services, increase efficiencies and plan carefully for the future needs of all customers.

FINANCIAL HEALTH		
	Before the Lease	After the Lease
Operating Budget	\$21.8 Million	\$36.4 Million
Water Sales	7.2 MGD	19.1 MGD
Wastewater Flow	7.7 MGD	30.7 MGD
Economies Achieved in the 1st Year of the Lease	15% reduction in overhead cost \$1 Million in purchasing efficiencies	

*MGD = Million Gallons per Day (average)



LCA & You: Understanding Your Water & Sewer Services

LCA's Commitment to Service, and a Review of Customer Responsibilities

Here's a reminder of some customer responsibilities, and ways you can plan ahead to address these risks:

Water Meters – LCA supplies the water meter free of charge, and will replace it at no cost due to normal wear and tear. However, the customer is responsible for protecting the meter from damage, including freezing. Be sure to check your water meter before it gets cold and ensure the area is properly insulated to prevent freezing!

Service Lines – The water service line that runs from the curb into the house is the customer's responsibility to maintain and repair. LCA takes care of the service line that runs from the curb to the street and also the main water line that provides water service to the community.

Sewer Backups – If you experience a sewer backup, please call us immediately! We will come out to ensure the main line is clear. If your sewer lateral is blocked, that is the customer's responsibility to clear out. Some things to keep in mind about sewer backups:

- **Check with your homeowner's insurance to see what's covered!** Damage from sewer

backups is typically not covered by LCA's insurance. Most homeowner's insurance policies offer this coverage, but you may have to ask for it to be added to your policy.

- **Watch what you dump down the drain.** Sewer backups occur primarily due to items blocking the line that could be prevented. This includes grease, cooking oil, food scraps, baby wipes, paper towels or other materials that don't break down in water.
- **Ask a plumber for advice on plugging floor drains** or other areas inside your home that are prone to backing up.

What are LCA's Responsibilities? Our responsibility is to provide high quality, safe, affordable and reliable drinking water and sewer services, and great customer service 24-7! In addition, we plan for the future needs of our community, maintain the water and sewer system in a cost-effective manner, and protect the public's health and the environment.



Sewer System Overflows: Municipalities work together to solve a regional problem

Did you know that most communities in Lehigh County are interconnected through a regional sewer system? This sewer system serves 14 municipalities – townships, boroughs and the City of Allentown – and all sewage from homes and businesses in this area is transported through a large pipe network down to Allentown for treatment.

During rain storms in our region, rain water enters the sewer system through leaks in the pipes, customer sump pumps and roof leaders, unsealed manholes, etc. This excess water can overwhelm the system. Sometimes, sewage can overflow manholes and other facilities during rain events, allowing untreated sewage to enter our environment.

This is a community problem that we all need to work together to solve!

In 2009, the US EPA named LCA and all the connected municipalities in an "Administrative Order" to eliminate these overflows. So far, the communities and LCA have spent about \$25 Million to work on this problem, repairing leaking lines, sealing manholes, and studying wet-weather flows to determine the most important repairs to complete.

We've been working together to complete this important work, but more work is needed, and we need to balance that need with the impact to our customers' sewer rates. In November, we

will be asking EPA to grant us a time extension on this Administrative Order so that we can continue to plan responsibly and focus our efforts on eliminating sewer system overflows and protecting our precious water resources.

Learn More & Get Involved!

Public Meeting: Thursday, November 13, 2014 - 6:30 p.m.
Lehigh County Government Center - 17 S. 7th St, Allentown, PA
 Street parking after 6 p.m. – free* Park at lot across 7th Street – \$3.00
 Visit www.allentownparking.com for more parking options. Hope to see you there!

LCA Wants to Hear From You!



We encourage all customers to get involved and learn more about our projects and system operation. We are providing an essential service to our community, and your input is important to ensure we are meeting your needs! Here are a few ways you can get involved:

- Come to a Board meeting and ask a question (visit us online at www.lehighcountyauthority.org for a meeting schedule).
- Contact us at service@lehighcountyauthority.org if you'd like to participate in a Rain Barrel workshop in the Spring.
- Take a survey on LCA payment options that you'd like us to consider adding: www.surveymonkey.com/r/8F8WFFX
- Come to our public meeting on November 13th to learn more about sanitary sewer overflows (details inside).
- Visit us at either of our customer service locations (1053 Spruce Street in Wescosville or 1300 Martin Luther King Jr. Dr. in Allentown) and talk with a representative about your concerns.



Visit us online at www.lehighcountyauthority.org

*News from Lehigh
County Authority
Important information about your
water & sewer services!
Noticias de Lehigh County Autoridad:
Información importante acerca de sus
servicios de agua y alcantarillado.*



Lehigh County Authority

P.O. Box 3348, 1053 Spruce St.
Allentown, PA 18106-0348

PRSR1 STD
US POSTAGE
PAID
Lehigh Valley, PA
Permit No. 129