
City of Allentown Customers – Backgrounder on Monthly Billing & Rates

Lehigh County Authority (LCA) is considering a potential change in billing procedures and application of monthly rates for all City of Allentown customers. The LCA Board of Directors will be deciding whether to move forward with this decision in the weeks ahead.

Nearly all household utilities (electric, cable, phone, etc.) and most large water utilities across the nation employ the practice of billing customers on a monthly basis. There are practical reasons for monthly billing that benefit the customer, including improved household budgeting and increased opportunities to identify and correct leaks. For the utility, it improves cash flow and allows increased capacity to cover necessary costs such as debt service and capital improvements through operating revenue vs. borrowing.

LCA is considering this change to monthly billing for all City of Allentown customers. For our Allentown Division, the Concession Lease Agreement between LCA and the City of Allentown includes monthly rates, previously adopted by City Ordinance and transferred to LCA via the lease. Therefore, we are evaluating converting all City customers to monthly billing using the rates already established in the Lease. Monthly rates have not been developed for the Suburban Division customers at this time, but will be considered separately later in 2018 or in 2019.

Monthly rates for City of Allentown customers, established in the Lease agreement, are slightly higher than quarterly rates. For a customer using 6,400 gallons of water per month, the monthly cost would be \$65.48, which includes water and sewer. This equates to an increase of \$13.39 per month.

It is important to LCA to provide consistent information to our customers, as well as provide an opportunity for public input. We will post updates and information about the decision-making process on our website and will provide an opportunity for public input in person, online, or by mail, all of which will be shared with our Board and LCA staff.

LCA does not go into this decision-making process lightly, and we are fully aware and appreciative of the fact that customers will ultimately pay more using the monthly rates included in the Lease. The reason this change is being considered is so that LCA can continue operating and maintaining the system and make the capital improvements needed to ensure safe and reliable service to our community. It also helps to prepare for the payment of the large debt burden we have accepted in order to enter into the lease agreement with the City.

Water rates in Allentown will continue to compare favorably to other communities in the Lehigh Valley.