
L C A S t a t e m e n t

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LCA response to Allentown filing lawsuit to block monthly billing:

For the past two and half years, Lehigh County Authority (LCA) has been talking with the City of Allentown about the financial challenges we face, but these discussions have not produced meaningful solutions. As a result, LCA needs to implement the monthly rates that are included in the lease to improve its financial sustainability.

In the long-term view, this is good for Allentown and good for LCA, and implementing this change now still maintains Allentown's water and sewer rates as among the lowest in Pennsylvania. Looking forward, long-term rate stability is still possible in this lease arrangement, but that requires the City and LCA to be willing to work together on solutions and to keep the best interests of the citizens in mind as we do so.

While a legal approach is not what LCA had hoped for, we believe our actions to implement monthly billing are required for the financial and operational sustainability of the Allentown systems. LCA will not respond to the intentionally inflammatory language contained in the lawsuit and would simply remind the public that we are non-profit, public organization here for the sole purpose of providing water and sewer services. Rate changes are approved by LCA's Board of Directors for the single purpose of investing in the systems that provide these essential services to our community, with no shareholder profit embedded in the rates.

The Allentown water and sewer systems require significant upgrades to address service reliability and to protect the public's health. Lehigh County Authority is estimating \$1.3 billion in improvements will be needed through the end of the lease in 2063. Many of

these improvements are long overdue and needed right away, such as the replacement of filters at the water treatment plant that are decades past the end of their useful life.

These system improvements are on top of the heavy burden of debt that was issued to address the City's pension problem through the lease. LCA urges the City and the public to remember the issues that were addressed by the lease in 2013 and the reasons LCA was the right choice for Allentown. We remain committed to the citizens of Allentown, and believe a public, non-profit organization will provide the best long-term value in this arrangement.

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