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## MEMORANDUM

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**TO:** LCA Board of Directors  
**FROM:** Liesel Gross, CEO  
**DATE:** November 7, 2016  
**RE:** 2017 Water & Sewer Rates

The 2017 water and sewer rates are presented in the attached schedules for the Board of Director's consideration for adoption on November 28, 2016. They are being submitted early so that they can be posted on the LCA website in advance of their proposed adoption. Should any Board member, customer, or member of the general public, have any questions or comments about these rates, we request these be submitted to me by November 25, 2016 so they can be entered into the public record and considered by the Board during the meeting on November 28<sup>th</sup>.

To assist the Board and the public with reviewing the proposed rates, a summary of the proposed rate changes is shown on the table below, and all changes are highlighted / shaded grey within the rate schedule documents.

In addition, it is important to note that these rates were discussed, reviewed and preliminarily approved as part of the 2017 budget process that began in August and was concluded in October. This submission represents formal adoption of the rates that were previously discussed, presented and incorporated into the 2017 budget calculations. In other words, there are "no surprises" included in the attached rate schedules.

### Water Rates

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Rate	Page #	Description / Discussion
Suburban Water Volume Charge	1	Proposed change in volume rates are calculated based prior 12-month water volume sales and 2017 budget requirement of a 3% increase in overall water revenues. Proposed rates follow recommendations from LCA's 2012 cost-of-service rate study. A new rate study will be conducted in 2017.
Hydrant Security Device Fee	4	Updated fee reflecting actual cost of the device.
Allentown Water Rates	10	The 2017 rates reflect increases based on the terms of the Concession Agreement with the City of Allentown. Such increases include an overall 3.3% increase in general rates, plus an updated calculation of the Capital Cost Recovery Charge per the methodology included in the agreement.

## Wastewater Rates

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Rate	Page #	Description / Discussion
Suburban Exceptional Strength Charge	5	As calculated in the Western Lehigh Interceptor User Charge Report that was submitted to municipal signatories in October 2016. Rates are calculated by formula in compliance with municipal agreements.
Western Lehigh Interceptor & Little Lehigh Relief Interceptor User Charges	7	As calculated in the Western Lehigh Interceptor User Charge Report that was submitted to municipal signatories in October 2016. Rates are calculated by formula in compliance with municipal agreements.
Allentown Sewer Rates	9	The 2017 rates reflect increases based on the terms of the Concession Agreement with the City of Allentown. Such increases include an overall 3.3% increase in general rates, plus an updated calculation of the Capital Cost Recovery Charge and Administrative Order Fee per the methodology included in the agreement.
Allentown Exceptional Strength Charge	10	As calculated in the Western Lehigh Interceptor User Charge Report that was submitted to municipal signatories in October 2016. Rates are calculated by formula in compliance with municipal agreements.

## 2017 Rates “To be determined / submitted”

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Throughout both the water and wastewater rate schedules, several items are marked with a notation that the 2017 rate is “to be determined / submitted” at a later date. These rates all fall in the category of tapping fees or customer facilities fees that impact future customers and must be calculated in accordance with current legislation for such fees and adopted by formal Resolution of the Board. Therefore, these rates will be submitted separately by the end of the year with the appropriate Resolution and supporting documentation as required by law.

## LCA Rate Approval Process

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Developing the 2017 rate schedules has been an iterative process that was discussed by the LCA Board of Directors several times over the past three months as the 2017 budget was developed and approved. With this submission, LCA seeks to formally codify these rates into our published rate schedule. Approval of the rate schedules is requested at the November 28, 2016 Board meeting to allow for adequate time to notify customers of the final adopted rates that will be reflected on their water/sewer bills in 2017.