

Section 5607 Section (D) (9) under powers of the Municipal Authorities Act:

To fix, alter, charge and collect rates and other charges in the area served by its facilities at reasonable and uniform rates **to be determined exclusively by it for the purpose of providing for payment of the expenses of the Authority, the construction, improvement, repair, maintenance and operation of its facilities and properties....**

Residential Rate philosophy defined:

The Authorities service consists of 2 parts; capacity and treatment which are the underlying reason for the current rate structure. Treatment costs are to some degree flow dependent comprised of costs that can rise and fall depending on the volume of wastewater treated. Capacity is the permitted volume that the Authority can accept and treat and costs are usually paid in advance by long term capital borrowing. Capacity is allocated during the planning process and once allocated cannot be sold to another customer even if zero flow comes from the residence. Potable water usage is used to estimate volume for treatment purposes with 15% reduction for water that does not enter the sewer system. The 15% is based on national studies by the Water Environment Federation for wastewater system utilization. The Authorities rate structure is a two part billing the flat rate (capacity) and water usage (treatment). The Authority is currently billing customers on a quarterly basis based on the closest 3 month water usage available from the potable water supplier.

Commercial /industrial rate philosophy defined:

The Authorities service consists of 2 parts capacity and treatment which is the underlying reason for the current rate structure. Treatment costs are to some degree flow dependent comprised of costs that can rise and fall depending on the volume of wastewater treated. Capacity is the permitted volume that the Authority can accept and treat and costs are usually paid in advance by long term capital borrowing. For planning purposes Commercial /Industrial connections are allocated a larger portion of existing capacity by planning guidelines. Allocation of capacity that is committed in the planning process can not be altered by current or historical usage patterns and is the rational for higher fixed fee portion of the rate (once the capacity is allocated it can not be sold to another customer). Since the use of commercial/industrial facilities can change the second portion of the rate is based on potable water usage (as a predictor of treatment costs) the percentage of potable water usage is higher for commercial/industrial users. Statistically a higher amount of commercial/industrial water use is entered into the waste stream.

The requirement of the Municipal Authority Act that the Authority rates be reasonable and uniform precludes the Authority from altering rates for connections of a particular classification (residential, commercial/industrial) that claim special circumstances.