

March 28, 2011

RE: WATER RATE INCREASE

Dear Water Customer:

Despite continuous efforts to control costs, Upper Saucon Township finds it necessary to increase water rates. This is the first such increase in approximately 12 years. The last rate change occurred in 1999. The new water rates became effective January 15, 2011, the beginning of the first quarterly billing period. Bills for water usage at the new rates will be sent to customers in mid-April.

The rate increase is the result of increases in operating costs including electricity, purification chemicals, water testing, and compliance reporting. In addition, new projects, system upgrades and regulatory changes have required additional investment in the water system to ensure a safe, reliable supply of drinking water. In determining the new rates, the Township has evaluated all operating costs, future capital projects, and offsetting revenues related to the water system and has set the new rates accordingly. Please note that water system revenues are applied solely to the water system and are not used for any other purpose.

A comparison of the new and old rates is as follows.

Water Meter Size*	Old Quarterly Rates (prior to 01-15-2011)		New Quarterly Rates (effective 01-15-2011)	
	Base Charge (flat rate)	Charge per 1,000 Gallons Used	Base Charge (flat rate)	Charge per 1,000 Gallons Used
5/8" to 3/4"	\$ 20.00	\$ 3.65	\$ 25.00	\$ 4.85
1"	\$ 60.00	\$ 3.65	\$ 75.00	\$ 4.85
1 1/2"	\$ 112.00	\$ 3.65	\$ 140.00	\$ 4.85
2"	\$ 180.00	\$ 3.65	\$ 225.00	\$ 4.85
3"	\$ 360.00	\$ 3.65	\$ 450.00	\$ 4.85
4"	\$ 562.00	\$ 3.65	\$ 700.00	\$ 4.85
6"	\$ 1,124.00	\$ 3.65	\$ 1,400.00	\$ 4.85

***most residential customers have a 5/8" or 3/4" water meter**

Depending on household usage, customers may experience a quarterly increase in their water bills of approximately 30 percent. Examples of projected increases appear in the following chart.

How the Water Rate Increase Affects Your Water Bill				
For Customers with 5/8" and 3/4" Meters				
Customers' Quarterly Usage	2010 Quarterly Charges	2011 Quarterly Charges	Quarterly Increase	Annual Increase
4,000 Gallons	\$ 34.60	\$ 44.40	\$ 9.80	\$ 39.20
15,000 Gallons	\$ 74.75	\$ 97.75	\$ 23.00	\$ 92.00
20,000 Gallons	\$ 93.00	\$ 122.00	\$ 29.00	\$ 116.00

Our study reveals that the new rate structure is consistent with the rates of other water suppliers in the Lehigh Valley. Below is a comparison of the Township's new water rates to those of other water suppliers.

How Upper Saucon's New Water Rates Compare to other Water Providers Across the Region	
Quarterly Residential Water Bills, Based on 20,000 Gallons Used, as of January 15, 2011	
Water Provider	Quarterly Charge
South Whitehall Township	\$ 100.00
Salisbury Township	\$ 103.20
Northampton Authority	\$ 104.20
Upper Saucon Township	\$ 122.00
Lehigh County Auth.: Upper Milford	\$ 130.40
Lower Saucon Authority	\$137.57
Slatington	\$ 175.64

Of course, you can help to minimize the impact of this increase on your household budget. For example, paying your bill on time will avoid the 10% penalty fee. Additionally, by scrutinizing your water use, checking for and fixing leaks, and paying attention to wasteful practices such as unnecessary lawn watering, you can reduce your overall bill.

While all of us are "tightening our belts" wherever possible and being vigilant about spending, the rate increase is necessary to safeguard the water system and ensure the public health. We assure you that the Township is committed to providing the best possible water quality at the most economical cost.

If you have any questions concerning the new water rates, please contact the Utility Billing Clerk at 610-282-1171 ext. 229.

Sincerely,

Thomas F. Beil
Township Manager