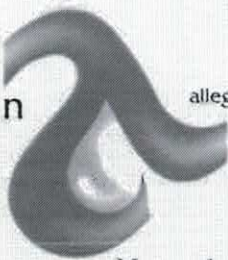


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allegheny county
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November 22, 2017

Munhall Sanitary Sewer Municipal Authority
c/o Ms. Jackie Coles
1900 West Street, Suite #4
Munhall, PA., 15120

RE: RATE RESOLUTION- 2018 BUDGET

VIA CERTIFIED MAIL

Dear Ms. Coles:

A four-year ALCOSAN rate structure was approved by the Board of Directors at its public meeting on November 16. This rate structure is designed to enable ratepayers and our municipal customers to strategically plan for future expenses. The increases, effective for water used beginning January 1 of each year, will be 7.5% for 2018 and 7% for 2019, 2020 and 2021.

Effective January 1, 2018, the wastewater treatment charge will increase by 51 cents, from \$6.91 to \$7.42 for each thousand gallons used and the customer service charge will increase by \$1.09, from \$14.51 to \$15.60 per bill issued. The average customer, who uses 12,000 gallons of water per quarter, will pay \$7.21 more for a three-month service period, increasing their quarterly charge from \$97.43 to \$104.64. The rates for effluent surcharges, commercial disposals and auxiliary meters will remain the same.

Having chosen the alternate method of billing, as provided in the Allegheny County Sanitary Authority sewage agreement, your municipality has agreed to pay ALCOSAN sewage charges for the properties located within your municipality.

The agreement requires the municipality to provide, in its annual budget, funds equal to at least 120% of the amount ALCOSAN estimates will become due within such year. For the 2018 calendar year, the Allegheny County Sanitary Authority estimates the requirement for your municipality to be \$1,782,072.76, which at 120% is \$2,138,487.32.

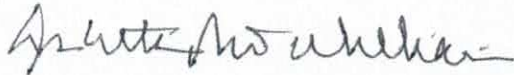
The Allegheny County Sanitary Authority hereby requests that your municipality take timely and appropriate action to collect or obtain during 2018, by any lawful means, the sum of at least \$2,138,487.32. This money shall be deposited in a restricted "Sewage Agency Fund" which is to be used for the purpose of meeting the municipality's wastewater collection system requirements.

We recommend that you communicate these increases to your customers by the actual cash amount of the increase; studies show that using percentages confuses the average customer and creates a perception that the rate increase is actually bigger than it is. Please see the enclosed press release for sample language. We are also including the fact sheet for ALCOSAN's Clean Water Assistance Fund, which helps low-income homeowners reduce their bills.

If you have any questions or concerns regarding the estimated budget for 2018, please contact Dan Thornton at 412-734-8368 or daniel.thornton@alcosan.org.

Sincerely,

ALLEGHENY COUNTY SANITARY AUTHORITY

A handwritten signature in black ink, appearing to read "Arletta Scott Williams".

Arletta Scott Williams
Executive Director

Enclosure

ALLEGHENY COUNTY SANITARY AUTHORITY

RESOLUTION FIXING SEWER RATES AND CHARGES

November 16, 2017

WHEREAS, the Allegheny County Sanitary Authority (the "Authority") is a public body, politic and corporate, exercising public powers of the Commonwealth of Pennsylvania (the "Commonwealth") as an agency thereof, duly organized and validly existing under the provisions of the Municipality Authorities Act, 53 Pa.C.S. §5601, *et seq.* (the "Act"); and

WHEREAS, the Authority has entered into standard municipal agreements ("Standard Municipal Agreements") with the City of Pittsburgh and certain other municipalities in and around Allegheny County, pursuant to which the Authority is designated the exclusive agent of each such municipality to furnish sewage treatment and disposal services; and

WHEREAS, the Authority has entered into standard industrial agreements ("Standard Industrial Agreements") with the City of Pittsburgh and certain corporations whose acceptable industrial wastes directly enter the system's intercepting sewers; and

WHEREAS, pursuant to the Standard Municipal Agreements and the Standard Industrial Agreements, the Authority Board of Directors has the right at any time and from time to time to revise and adjust its sewage service charges in such manner and to such extent as it may deem advisable; and

WHEREAS, pursuant to the Standard Municipal Agreements and the Standard Industrial Agreements, the Authority is authorized to set sewage service charges to pay for administrative and operating expenses of the Authority and to pay amounts required under the Trust Indenture dated as of July 1, 1997, as supplemented by a First Supplemental Trust Indenture dated as of October 1, 2000, a Second Supplemental Trust Indenture dated as of August 1, 2001, a Third Supplemental Trust Indenture dated as of December 15, 2003, a Fourth Supplemental Trust Indenture dated as of May 18, 2005, a Fifth Supplemental Trust Indenture dated as of July 1, 2007, a Sixth Supplemental Trust Indenture dated as of October 1, 2010, a Seventh Supplemental Trust Indenture dated as of September 1, 2011, an Eighth Supplemental Trust Indenture dated December 1, 2013, a Ninth Supplemental Trust Indenture dated September 1, 2015, and a Tenth Supplemental Trust Indenture dated September 1, 2016 by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (as successor by merger to The Bank of New York Trust Company, N.A.), as successor Trustee; and

WHEREAS, the Members of the Authority Board of Directors have reviewed and carefully considered all available information relating to the establishment of such rates, including but not limited to the Rate Study prepared by CDM Smith; and

WHEREAS, the Authority Board of Directors has determined that the proposed rates contained in this Resolution are reasonable and uniform, and will amount to an approximate

7.5% increase in 2018, an approximate 7% increase in 2019, an approximate 7% increase in 2020, and an approximate 7% increase in 2021; and

WHEREAS, the Authority Board of Directors desires to, and does hereby, establish and fix the sewage rates and charges contained in this Resolution in accordance with the Municipalities Authority Act, the Standard Municipal Agreements and the Standard Industrial Agreements.

NOW, THEREFORE, BE IT RESOLVED, the Allegheny County Sanitary Authority Board of Directors hereby adopts, fixes, and establishes the following sewage rates and charges to be effective for water usage on and after January 1, 2018, unless otherwise referenced herein.

Section 1. GENERAL RATES. The rates for sewage service to sewered premises within the general service area of the Authority shall be as follows:

- (a) Metered Water Users. The following rates shall be applicable to users of metered water during the time periods listed below. Charges shall be based upon the quantity of water delivered to each water user as measured by the most recent available water meter reading:

<u>Time Periods</u>	<u>Sewage Charges for Water Used per Quarter Year</u>
January 1, 2018 through December 31, 2018	\$7.42 per 1,000 gallons, plus a Customer Service Charge of \$15.60 per bill.
January 1, 2019 through December 31, 2019	\$7.94 per 1,000 gallons, plus a Customer Service Charge of \$16.69 per bill.
January 1, 2020 through December 31, 2020	\$8.50 per 1,000 gallons, plus a Customer Service Charge of \$17.86 per bill.
January 1, 2021 through December 31, 2021	\$9.10 per 1,000 gallons, plus a Customer Service Charge of \$19.11 per bill.

- (b) Flat Rate Water Users. The rates in subsection (a) shall be applicable to water users whose water bills are based upon a flat rate, and the flat rate water residential customers will be billed upon an equivalent residential unit base ("ERU"). The average residential usage becomes the basis on which flat-rate residential water users are charged. The average residential usage is estimated at 20,000 gallons per quarter. Each residential flat-rate account will be billed for

sewer services based upon this average unless proof is provided that the customer's usage is more or less.

- (c) Other Water Users. The quantity of water used by water users other than those referred to in subsections (a) and (b) above shall be estimated by the Authority, and each such water user's sewage charge shall be calculated by applying the rate set forth in subsection (a) to the estimated quantity.

Section 2. SURCHARGES APPLICABLE TO HIGH-STRENGTH SEWAGE DISCHARGES. In any case in which a discharger's wastes have an unusually high concentration of the suspended solids and/or biochemical oxygen demand, the sewage charges provided in Section 1 shall be increased according to the following formula:

- (a) Suspended Solids Charge

$$(SS-275) * .008345 * \$0.2464 * \text{flow (1,000 gallons)}$$

Where:

SS = Suspended solids of particular wastes in milligrams per liter (mg/L)
.008345 = Conversion factor from mg/L to pounds per 1,000 gallons
\$0.2464 = Treatment cost per pound of suspended solids

- (b) Biochemical Oxygen Demand

$$(BOD - 300) * .008345 * \$0.2184 * \text{flow (1,000 gallons)}$$

Where:

BOD = Biochemical oxygen demand of particular wastes in milligrams per Liter (mg/L)
.008345 = Conversion factor from mg/L to pounds per 1,000 gallons
\$0.2184 = Treatment costs per pound of biochemical oxygen demand

Section 3. ADDITIONAL CHARGES FOR COMMERCIAL GARBAGE DISPOSALS. For each commercial (i.e., non-residential) garbage disposal, the Authority shall charge users as follows:

\$172.37 times horsepower capacity per quarter

Section 4. RATE FOR DISCHARGE OF CONSTRUCTION SITE GROUNDWATER. The following rates will apply to the temporary discharge of accumulated groundwater from construction excavation sites, provided that:

1. The need to discharge to the sewage collection system will not exceed nine (9) months; and

2. No toxic pollutant listed in the ALCOSAN Pretreatment Regulations is present in untreated groundwater above detection limits established for USEPA-approved analytical methods for such pollutant; and
3. The concentration of suspended solids in the discharged water is less than 135 mg/l, and the concentration of biochemical oxygen demand is less than 150 mg/l; and
4. The Authority has determined in its judgment (which shall be final and absolute) that reasonable efforts have been made to obtain a permit from the Pennsylvania Department of Environmental Protection to discharge such groundwater to the nearest waterway, and that the application for such permit has been denied or that discharge under such permit is not feasible.

A fee equal to one-half (1/2) of the per 1,000-gallon charge set forth in Section 1(a) above shall be charged for each pump used for the purpose of discharging groundwater, and shall be based upon the pumping capacity of each pump used, in thousand gallons per day (kgd). This fee shall be applied daily for each day pumping occurs.

Section 5. PENALTIES AND INTEREST ON LATE PAYMENTS. Sewage bills which are not paid when due shall be subject to penalties and interest as follows:

- (a) Bills of Water Users. All sewage charges billed to water users other than municipalities shall be payable on or before the due date shown on the sewage bill. After such due date, a penalty of 5% shall be payable, plus interest on overdue bills at the rate of 1/2% per month or part thereof upon 105% of the sewage charge, which interest shall begin on the sixty-first day after the due date.
- (b) Bills of Municipalities. Sewage charges billed to municipalities shall be payable not later than sixty (60) days after the furnishing of the bill therefor, after which date interest on unpaid charges shall accrue at the rate of 6% per annum.

Section 6. GENERAL PROVISIONS.

- (a) The Authority's sewage bill shall be sent to and shall be payable by the party to whom water bills are addressed, and, in the case of all water users to whom no water bills are addressed, the sewage bill will be sent to and shall be payable by the occupant of the premises.
- (b) In the event the party billed by the Authority under subsection (a) of this Section 6 is not the owner of the property, and if the municipality so requests and provides the name and address of the owner, sewage bills will be sent to such owner.
- (c) The quantity of water which does not reach a metered water user's sewer, if separately metered in accordance with all requirements of the Authority, will not be included in the quantity upon which the sewage charge is calculated. For

reading credit meters and account maintenance required to process the credit, a charge per meter will be made according to the Unit Cost for Auxiliary Meters.

- (d) Subject to the prior written approval of the Authority and compliance with all requirements of the Authority, a commercial or industrial water user may install a sewage meter, in which event the sewage charges will be based upon the quantity of sewage so metered. For the reading of the sewage meter and the account maintenance required to bill based on such meter, a charge per meter will be made according to the Unit Cost for Auxiliary Meters.
- (e) For accounts that use well water in addition to public water and where the well water is metered, the metered well usage will be added to the public water usage to produce the sewage charge. For the reading of the well water meter and the account maintenance required to bill based on such meter, a charge per meter will be made according to the Unit Cost for Auxiliary Meters.
- (f) The Unit Cost for Auxiliary Meters is \$110.00 per year.
- (g) The invoices of those customers whose billing cycles include two different rate structures will be prorated between the two periods.
- (h) The sewer rates and charges contained herein shall be effective on the dates indicated without further notice or action by the Authority Board of Directors.
- (i) The sewer rates and charges contained herein are subject to change or adjustment at any time in such manner and to such extent as the Authority Board of Directors may deem advisable. Any such changes or adjustments must be implemented by a separate Resolution approved by the Authority Board of Directors. At least sixty (60) days before any revised sewer service charges shall become effective, the Authority shall submit in writing a statement to the municipalities and corporations bound by the Standard Municipal Agreements and the Standard Industrial Agreements, referenced in the Preamble hereto, setting forth the new schedule of service charges and the reasons why it was found necessary or desirable to put them into effect.

Section 7. REPEALER. All prior rate schedules and resolutions are hereby repealed, in whole or in part, to the extent inconsistent herewith.

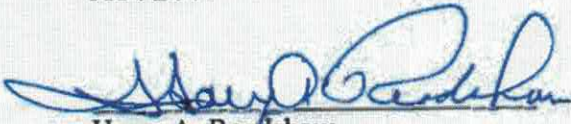
Section 8. SEVERABILITY. Should any part or section of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of the Resolution as a whole or any part thereof other than the part held to be invalid.

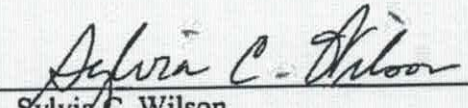
Section 9. EFFECTIVE DATE. This Resolution shall take effect in accordance with applicable law.

RESOLVED and **ADOPTED** this 16th day of November, 2017, by the Board of Directors of the Allegheny County Sanitary Authority, in lawful session duly assembled.

ATTEST:

ALLEGHENY COUNTY SANITARY AUTHORITY


Harry A. Readshaw
Secretary, Board of Directors
(SEAL)

By: 
Sylvia C. Wilson
Chair, Board of Directors

